

STATE BOARD OF EDUCATION

Action Item

May 16, 2018

SUBJECT: Consideration of Applications for Hope Operator Designation

PROPOSED BOARD ACTION

For Approval

AUTHORITY FOR STATE BOARD ACTION

Section 1002.333(2), F.S.

EXECUTIVE SUMMARY

Section 1002.333, F.S., authorizes high-impact charter school organizations to apply to the State Board of Education to be recognized and designated as a Hope Operator. To be eligible for the Hope Operator designation, a charter school organization must meet both of the following criteria:

- Be a non-profit organization with tax exempt status under s. 501(c)3 of the Internal Revenue Code
- Operate three or more public charter schools that serve student grades K-12 in Florida or other states with a record of serving students from low-income families

Additionally, the charter school organization must meet at least one of the following criteria:

- Awarded a United States Department of Education Charter School Program Grant for Replication and Expansion of High-Quality Charter Schools within the most recent three years;
- Receives funding through the National Fund of the Charter School Growth fund; or
- Was selected by a district school board as a school turnaround operator, pursuant to Section 1008.33, Florida Statutes

KIPP (Knowledge is Power Program) New Jersey is a nonprofit organization that operates 11 public charter schools serving almost 5,000 students in the Newark and Camden areas of New Jersey. Approximately 90 percent of the students served by KIPP New Jersey are eligible for free or reduced price lunch. KIPP New Jersey receives funding through the National Fund of the Charter School Growth Fund.

Democracy Prep Public Schools is a nonprofit organization that operates 8 public charter schools serving over 5,000 students in four states. Approximately 85% of the students served by Democracy Prep are eligible for free or reduced price lunch. Democracy Prep was awarded a USED Replication Grant in 2016.

Once designated by the State Board of Education, a Hope Operator is authorized to enter into a performance-based agreement with a school district to establish, open and operate one or more public charter schools to serve students from persistently low-performing public schools.

Supporting Documentation Included: Application packets for KIPP New Jersey and Democracy Prep Public Schools

Facilitator/Presenter: Adam Miller, Executive Director, Office of Independent Education and Parental Choice



FLORIDA DEPARTMENT OF
EDUCATION
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State Board of Education

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Tom Grady
Michael Olenick
Joe York

Pam Stewart
Commissioner of Education

April 20, 2018

KIPP New Jersey
Attn: Ryan Hill
60 Park Place, Suite 802
Newark, New Jersey 07102

Dear Mr. Hill:

Thank you for submitting an application for designation as a Hope Operator for the purpose of operating one or more Schools of Hope pursuant to section 1002.333, Florida Statutes. The Office of Independent Education and Parental Choice conducted a full and complete review of your application and determined that it met the requirements set forth in section 1002.333(2), Florida Statutes, and Rule 6A-1.0998271(2), Florida Administrative Code. Your application will be considered by the State Board of Education at the May 16, 2018, meeting.

Thank you for your participation in Florida's educational choice programs. If you have any additional questions, please contact Adam Miller at 850-245-0502.

Sincerely,


Pam Stewart

PS/cr

cc: Adam Miller, Executive Director, Office of Independent Education & Parental Choice

FLORIDA DEPARTMENT OF EDUCATION

Office of Independent Education and Parental Choice



HOPE OPERATOR DESIGNATION INITIAL CRITERIA



Application Review Checklist

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Entity Name: KIPP New Jersey

Date of Review: April 3, 2018

- IRS Determination Letter as a 501(c)3
- Operates 3 or more K12 public charter schools
- Record of serving students from low-income families
- Meets one of the following criteria:
 - Awarded a USED Charter School Replication/Expansion grant within the preceding 3 years
 - Current and active grantee of National Fund of the Charter School Growth Fund
 - Charter school selected by a district school board to turnaround the performance of a low performing public school (Sec 1008.33, F.S.)

Comments: _____

Reviewed by: *Carly Russell*

Approved by: *[Signature]*

Application for Hope Operator Designation

A nonprofit organization with tax-exempt status under s. 501(c)(3) of the Internal Revenue Code that operates three or more charter schools that serve students in grades K-12 in Florida or other states with a record of serving students from low-income families may apply to the Florida State Board of Education for designation as a Hope Operator.

Section A: Organizational Information

Name of Non-Profit Organization	KIPP New Jersey		
IRS Federal Employer Identification Number	46-2792701		
Street Address	60 Park Place Suite 802		
City	Newark		
State	NJ	Zip Code	07102
Website	http://kippnj.org/	Phone Number	973-622-0905

- Attach a copy of 501(c)(3) determination letter

Leadership

Executive Director/CEO	Ryan Hill		
Email	rhill@kipp.org	Phone	646-337-8667
Primary Contact (if different)	Gabriella DiFilippo		
Email	gdifilippo@kipp.org	Phone	773-550-4456

Board Members of Non-Profit Organization

Name	Position (President, VP, etc)	Email Address
John Cozzi	Chair	jcozzi@aeainvestors.com
Altorice Frazier	Secretary	altoricef@gmail.com
Alan Fournier	Trustee	alanpf51@pennantcapital.com
Lisa Amato	Trustee	Lamato5@aol.com
Tom Dunn	Trustee	tdunn@newhollandcapital.com
Nick Colucci	Trustee	nick.colucci@publicishealthcare.com
Marietta Cozzi	Trustee	marietta.cozzi@prudential.com
John Reid-Dodick	Trustee	john.reiddodick@gmail.com
John Willian	Trustee	John.willian@gs.com

Rule 6A-1.0998271
 Form SOH1
 Effective February 2018

Section B: Criteria

Please indicate which of the following Hope Operator criteria your organization meets:

1. The operator was awarded a United States Department of Education Charter School Program grant for Replication and Expansion of High-Quality Charter Schools within the preceding three years.

- Provide a copy of the award letter from the US Department of Education

2. The operator receives funding through the National Fund of the Charter School Growth Fund to accelerate the growth of the nation's best charter schools.

- Provide evidence that the operator is currently receiving funding through the National Fund of the Charter School Growth Fund. This may include a signed letter from the CEO of the Charter School Growth Fund, or a current and active grant award agreement.

3. The operator is selected by a district school board in accordance with s. 1008.33, Florida Statutes, to turn around the performance of a persistently low-performing public school.

- Provide a signed letter from the District Superintendent, or other evidence, indicating the District selected the school pursuant to Section 1008.33, Florida Statutes, to turn around the performance of a low-performing public school.

Section C: Additional Information

In order to demonstrate that the applicant meets the definition of Hope Operator, pursuant to Section 1002.333(2), Florida Statutes, provide the following information, for the most recent completed school year, for each public charter school that is currently operated by the applicant.

School Name

National Center for Education Statistics (NCES) Identification Number

Address, City, State, Zip Code

Grades Served

Total Enrollment

Percentage of Students Eligible for Free or Reduced Lunch

Authorizer Name

Rule 6A-1.0998271
Form SOH1
Effective February 2018

Section C: Additional Information

KIPP New Jersey currently operates schools in two regions: Newark, NJ, and Camden, NJ. Our Newark region (legally named Team Academy Charter Schools) currently operates eight schools under one charter. Our Camden region (legally named KIPP Cooper Norcross A New Jersey Nonprofit Corporation), currently operates three charter schools under one entity. Please find the table below for the information requested for each of our eleven schools.

Newark, NJ Region
 TEAM Academy Charter Schools
 NCES District ID: 3400070

School Name	TEAM Academy	Rise Academy	BOLD Academy	Newark Collegiate Academy
NCES ID#	340007000529	340007000529	340007000529	340007000529
Address	85 Custer Ave. Newark NJ 07112	21 Ashland St. Newark, NJ 07103	229 18 th Ave. Newark, NJ 07108	129 Littleton Ave. Newark, NJ 07103
Grades	5-8	5-8	5-7	9-12
Enrollment	435	434	329	663
% FRPL	87%	89%	85%	83%
Authorizer	NJ Dept. of Ed.	NJ Dept. of Ed.	NJ Dept. of Ed.	NJ Dept. of Ed.

School Name	SPARK Academy	THRIVE Academy	Seek Academy	Life Academy
NCES ID#	340007000529	340007000529	340007000529	340007000529
Address	230 Halsey St. Newark, NJ 07102	229 18 th Ave. Newark, NJ 07108	100 Aldine St., 3 fl Newark, NJ 07112	103 Bragaw Ave. Newark, NJ 07102
Grades	K-4	K-4	K-4	K-4
Enrollment	561	561	561	469
% FRPL	89%	90%	90%	90%
Authorizer	NJ Dept. of Ed.	NJ Dept. of Ed.	NJ Dept. of Ed.	NJ Dept. of Ed.

Camden, NJ Region
 KIPP Cooper Norcross Academy
 NCES District ID: 3400070

School Name	Lanning Square Primary	Lanning Square Middle	Whittier Middle
NCES ID#	340007000529	340007000529	340007000529
Address	525 Clinton St. Camden NJ 08103	525 Clinton St. Camden NJ 08103	740 Chestnut St. Camden NJ 08103
Grades	K-4	5-8	5-6
Enrollment	528	370	218
% FRPL	95%	92%	96%
Authorizer	NJ Dept. of Ed.	NJ Dept. of Ed.	NJ Dept. of Ed.

APPENDIX A
501(c)(3) Determination Letter

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: SEP 02 2015

KIPP NEW JERSEY A NJ NONPROFIT
CORPORATION
60 PARK PLACE STE 802
NEWARK, NJ 07102

Employer Identification Number:
46-2792701
DIN:
17053183302045
Contact Person:
THOMAS C KOESTER ID# 31116
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
June 30
Public Charity Status:
509(a)(2)
Form 990 Required:
Yes
Effective Date of Exemption:
March 1, 2013
Contribution Deductibility:
Yes
Addendum Applies:
No

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

For important information about your responsibilities as a tax-exempt organization, go to www.irs.gov/charities. Enter "4221-PC" in the search bar to view Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, which describes your recordkeeping, reporting, and disclosure requirements.

Letter 947

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KIPP NEW JERSEY A NJ NONPROFIT

We have sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey I. Cooper". The signature is stylized and cursive.

Jeffrey I. Cooper
Director, Exempt Organizations
Rulings and Agreements

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Letter 947

APPENDIX C
PROOF OF ACTIVE CSGF GRANT RECIPIENT STATUS

GRANT AWARD AGREEMENT

To: KIPP New Jersey, a New Jersey non-profit corporation ("Grantee")
Tax I.D.#: 46-2792701
Grant No. F2-2014-09
Dated: September 12, 2014
Grant Amount: [REDACTED]

This *Grant Award Agreement* ("Grant Award Agreement"), upon execution on behalf of Grantee in the spaces provided for signature, will evidence Grantee's agreement with and commitment to CHARTER FUND, INC., a Delaware nonprofit non-stock corporation, doing business as Charter School Growth Fund (the "Charter Fund") as follows:

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I. GRANTEE'S LEGAL STATUS:

This grant is specifically conditioned upon Grantee's status as an eligible grantee of the Charter Fund in accordance with this paragraph. Grantee is a New Jersey nonprofit corporation doing business as a tax-exempt organization and has an application for Federal tax-exemption pending under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and is not a private foundation as defined in Section 509(a) of the Code or an organization described in Section 170(c)(1) or Section 511(a)(2)(B) of the Code. Grantee has provided the Charter Fund with a copy of its New Jersey nonprofit corporation status and a copy of its application for Federal tax-exemption, and no facts and circumstances forming the basis of such applications have substantially changed since the date of such applications. Grantee knows of no existing facts or circumstances that would jeopardize their ability to obtain status under Section 501(c)(3) of the Code. The Grantee is duly formed, validly existing, and in good standing under the laws of the state in which it is incorporated and has the power and authority to carry on its activities as now conducted and as contemplated to be conducted. The Grantee has the absolute power and authority to execute, deliver and perform this Agreement. Grantee will notify the Charter Fund immediately of any actual or proposed change in federal and/or state tax status, including any substantial or material change in sources of support for any taxable year affected by this grant, within the meaning of Section 1.170A-9 of the Treasury Regulations. Grantee warrants and represents that this grant shall not change Grantee's status as described above.

II. PURPOSE OF AWARD:

The purpose of this grant is for the general support of Grantee in providing funding for Grantee's management organization that supports all of the charter schools and renaissance schools operated by the Grantee in carrying out its charitable tax-exempt purposes (the "Project"). This Grant Award Agreement summarizes the terms and conditions pursuant to which the Charter Fund has awarded this grant to Grantee.

III. AMOUNT OF AWARD:

The grant award is to be paid according to the schedule on Exhibit A attached hereto and

is expressly subject to the Conditions of Award set forth herein. The grant award is contingent on Grantee's compliance with each and every condition and provision in this Grant Award Agreement, including, but not limited to, the accomplishment of each and all of the specific Milestones (as defined below) set forth in Exhibit B hereto within the specific time periods described therein.

IV. CONDITIONS OF AWARD:

Grantee agrees that the grant award is subject to the following conditions:

A. Accomplishment of Milestones.

The grant award is expressly contingent upon Grantee meeting the Milestone requirements ("Milestones") as set forth in Exhibit B and within the specific time periods described therein. The determination of whether any such Milestone(s) has been met is to be determined by the Charter Fund in its sole and absolute discretion.

B. Grant Announcements and Public Reports; Identification of the Charter Fund; Letterhead and Logo.

Grantee is being funded by the Charter Fund and Grantee may not make any statement or otherwise imply to the media, the general public or any other donor or investor that Grantee, its operations, or its participation in this Project is supported by any of Charter Fund's investors, unless Grantee has directly received funds from such investor.

Use of the Charter Fund letterhead or logo is prohibited without prior written consent from the Charter Fund. Grantee shall list the Charter Fund as a general supporting organization in its Annual Report (if any).

C. Use of Grant Funds; No Earmarking.

This award is not "earmarked" within the meaning of Treasury Regulations Section 53.4945-2(a)(5)(i), and grant funds, including any income earned on those funds, may not be spent domestically or internationally (a) for any purpose other than that for which the grant is made; (b) to carry on propaganda or otherwise attempt to influence legislation within the meaning of Section 4945(e) of the Code; (c) to influence the outcome of any specific public election or to carry on, directly or indirectly, any voter registration drive; (d) without the Charter Fund's prior written approval, to make a grant to any individual for travel, study, or similar purpose, or to make a grant to any other organization; (e) for any purpose other than charitable, scientific, literary or educational purposes; or (f) to support activities outside the United States, including travel to or from the United States.

There exists no agreement, oral or written, whereby the Charter Fund may cause the Grantee to carry on propaganda, or otherwise attempt to influence legislation, to engage in any activity to influence the outcome of any specific public election, or to carry on directly or indirectly, any voter registration drive, to engage in any activity other than charitable activities specified in Section 170(c)(2)(B) of the Code, to make grants to individuals or organizations that would violate Section 4945(d)(3) or (4) of the Code, or whereby the Charter Fund may select the

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recipient to which the Grantee shall devote the award.

D. Return of Funds.

1. Unused Funds. Any grant funds, or any income earned on the grant funds not spent or committed for the purposes of the Project must be promptly returned to the Charter Fund.
2. Unauthorized Use. Grantee shall promptly return any unexpended funds to the Charter Fund if the Charter Fund reasonably determines that the Grantee has not performed in accordance with this Grant Award Agreement.
3. Loss of Eligible Status. Grantee shall promptly return to the Charter Fund any unexpended grant award funds if Grantee loses its status as an eligible Grantee as described in Section I above.

E. Bank Account.

Grantee may commingle the grant award with the general account or other accounts of the Grantee for uses consistent with its status as an organization exempt from income tax as defined in Section I above.

F. Grant Payments Contingent Upon Reporting.

In addition to all other requirements and conditions stated herein, all grant payments will be made contingent upon the timely receipt of the written reports described below. Failure to comply with these reporting requirements may result in reduced or forfeited installments.

1. Audited Financial Statements. As soon as available, but in no event later than the date specified in Exhibit A for each year in which a grant disbursement is made by the Charter Fund, Grantee shall furnish to Charter Fund a balance sheet as of the end of such fiscal year, and the related statements of income and expenses and changes in financial position of Grantee, which shall be in reasonable detail, and shall be certified by independent certified public accountants selected by Grantee, and shall be accompanied by an opinion of such independent certified public accountants, which opinion shall state that such financial statements fairly present the financial position of Grantee for the period then ended and have been prepared in accordance with generally-accepted accounting principles consistently applied, and that the examination by such accountants has been made in accordance with generally-accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances.

2. Preliminary Financial Budget. Each year following a year when a grant disbursement is made by Charter Fund, Grantee must submit, by the date specified in Exhibit A, a preliminary financial budget for the following fiscal year which shall be in reasonable detail and in the form in which such statements are furnished to Grantee's Board of Directors.
3. Annual Reports. The Annual Report guidelines are attached to this Grant Award Agreement as Exhibit C and are due on the date specified in Exhibit A each year following a year when a grant disbursement is made by Charter Fund.
4. Annual Officer's Certification. The Annual Officer's Certification is attached to this Grant Award Agreement as Exhibit D and is due by the date specified in Exhibit A each year following a year when a grant disbursement is made by Charter Fund.
5. Board Communications; Board Meetings. Notwithstanding whether a representative or nominee of Charter Fund is serving on Grantee's Board of Directors, Grantee shall provide copies of any and all notices and agendas distributed by Grantee with respect to each regular or special meeting of Grantee's Board of Directors. Grantee shall also provide the same timely written and oral communications as are provided to any of Grantee's Board Members. Copies of all materials shall be sent to the Charter Fund.

Notwithstanding whether a representative or nominee of Charter Fund is serving on Grantee's Board of Directors, Grantee hereby authorizes the designee of Charter Fund (each, an "Observer") to attend regular or special meetings of Grantee's Board of Directors, with the exception of closed sessions of such regular or special meetings, in person or telephonically, at the election of Charter Fund and whether or not such meetings are open or otherwise closed to the general public; provided, however, that the Observer shall have no right to vote or take any other action at such meetings.

Reports should be submitted electronically to the Charter Fund to the attention of Grant Administrator, grantadmin@chartergrowthfund.org.

G. Records.

1. Record Maintenance and Inspection. Grantee agrees to maintain adequate records for the Project to enable the Charter Fund to easily determine how the grant funds were expended. Grantee also agrees to make Grantee's books and records available for inspection by the Charter Fund or its designee at reasonable times upon reasonable prior notice to Grantee and permit Charter Fund to monitor and conduct an evaluation of operations under this grant, which may include a visit by Charter Fund personnel or

designee to observe Grantee's organization, a discussion of the Project with Grantee's staff, and a review of financial and other records connected with this grant and the Project.

2. Record Retention. Grantee agrees to retain records of its expenditures under the grant, as well as copies of the reports submitted to the Charter Fund, for at least four years after completion of the use of the grant funds.

H. Indemnification.

Grantee undertakes and agrees to defend, indemnify and hold harmless the Charter Fund and all granting foundations to the Charter Fund (collectively the "Foundations"), and any of the Foundations' boards, officers, agents, employees, assigns, and successors in interest from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees and cost of litigation, damage or liability of any nature whatsoever, arising in any manner by reason of the negligent acts, errors, omissions or willful misconduct incident to any acts or omissions by Grantee related to the Project.

I. Licensing and Credentials.

The Grantee hereby agrees to maintain, in full force and effect, all required governmental or professional licenses and credentials for itself, its facilities, and for its employees and all other persons engaged in work in conjunction with this award, including but not limited to, its charter.

J. No Further Obligations by the Charter Fund; Changes.

Except as expressly provided in this Grant Award Agreement, Grantee understands and agrees that the Charter Fund has no obligation to provide other or additional support or grants to the Grantee. Any changes, additions or deletions to the terms and conditions of this Grant Award Agreement must be made in writing and must be approved by Charter Fund.

K. Right to Cancel and/or Deny Funding.

Until the grant funds have been received by the Grantee, the grant award made hereunder may be terminated and cancelled by the Charter Fund without cause at any time, in its sole discretion and without any recourse on the part of the Grantee.

L. Entire Agreement.

This Grant Award Agreement constitutes and is intended to constitute the entire agreement of the parties concerning the subject matter hereof. No covenants, agreements, representations or warranties of any kind whatsoever have been made by any party hereto, except as specifically set forth herein. All prior and contemporaneous discussions and negotiations with respect to the subject matter hereof are superseded by this Grant Award Agreement. This Grant Award Agreement may be executed in counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute only one agreement.

M. Nontransferability; Independent Contractor.

This grant is not transferable. Nothing in this Grant Award Agreement should be construed so as to make Grantee as a joint venturer, partner, employee, agent or legal representative of the Charter Fund for any purpose whatsoever.

N. Payment of Funds to Related Parties of the Charter Fund.

No part of these grant funds shall be paid to any director, officer, or employee (or their family members) of the Charter Fund for any purpose.

O. Governing Law.

This Grant Award Agreement shall be governed by and construed in accordance with the laws of the State of Colorado.

P. Meaning of Certain Terms.

The term "earmarked" with respect to a grant means that the grant is given pursuant to an agreement, oral or written, that the grant will be used for specific purposes.

Q. Affirmative Action and Non-Discrimination.

Grantee recognizes that government contractors are subject to various federal laws, executive orders and regulations regarding equal opportunity and affirmative action that may also be applicable to subcontractors. Grantee, therefore, agrees that any and all applicable equal opportunity and affirmative action clauses shall be incorporated herein as may be required by federal laws, executive orders, and regulations.

The Grantee hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of or be otherwise subjected to discrimination in the performance of this Agreement or in the employment practices of the Grantee on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal or state law. The Grantee shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination and instructions that complaints may be filed with the United States Department of Education and the state department of education for the state in which Grantee is located.

R. Notice.

Any notice or communication required or desired to be given hereunder by either of the parties to the other shall be in writing and delivered by hand or mailed by first class mail or by nationally-recognized overnight courier, postage prepaid (notices shall be deemed given three days after being duly mailed, or one day after being sent by overnight courier), addressed to the party at its address appearing below:

If to the Grantee, to the address specified in Exhibit A:

If to the Charter Fund, to:

DocuSign Envelope ID: DEA2F05A-2397-4D0B-A84B-C81190A2A8F5

Charter Fund, Inc.
350 Interlocken Boulevard, Suite 390
Broomfield, Colorado 80021
Phone: (303) 217-8090
Fax: (303) 531-7344
Attention: Chief Financial Officer

V. ACCEPTANCE OF GRANT AWARD AGREEMENT:

The Charter Fund reserves the right to withhold or suspend payments of grant funds if the Grantee fails to comply strictly with any of the terms and conditions of this Grant Award Agreement. This Grant Award Agreement supersedes any and all prior written or oral agreements or understandings with respect to the subject matter hereof. If this Grant Award Agreement correctly sets forth your understanding and acceptance of the arrangements made regarding this grant, please countersign and return to the Charter Fund.

Accepted on behalf of KIPP New Jersey, a New Jersey nonprofit corporation:

DocuSigned by: <u>Ryan Hill</u> Authorized Signature	Ryan Hill Printed Name
Founder and Chief Executive Officer Title	10/8/2014 Date

Agreed to and acknowledged on behalf of the CHARTER FUND, INC., a Delaware nonprofit non-stock corporation, doing business as Charter School Growth Fund, by:

DocuSigned by: <u>Kevin Hall</u> Authorized Signature	Kevin Hall Printed Name
President and Chief Executive Officer Title	10/6/2014 Date

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EXHIBIT A

Installment and Reporting Schedule

I. Installment schedule referenced in Section III

- a. [REDACTED] payable on or around September 22, 2014 contingent upon receipt of this signed Grant Award Agreement.
- b. [REDACTED] payable on or around March 15, 2015 contingent upon successful completion of Charter Fund's annual review.
- c. [REDACTED] payable on or around March 15, 2016 contingent upon successful completion of Charter Fund's annual review.
- d. [REDACTED] payable on or around March 15, 2017 contingent upon successful completion of Charter Fund's annual review.
- e. [REDACTED] payable on or around March 15, 2018 contingent upon successful completion of Charter Fund's annual review.

II. Reporting deadlines referenced in IV(F)

- | | |
|-----------------------------------|-------------|
| | Due By: |
| a. Audited Financial Statements | November 27 |
| b. Preliminary Financial Budget | June 30 |
| c. Annual Reports | October 1 |
| d. Annual Officer's Certification | October 1 |

III. Contact information referenced in Section IV(R)

- a. Name: Ryan Hill
- b. Organization: KIPP New Jersey
- c. Address: 60 Park Place, Suite 802
- d. City, State, Zip Code: Newark, NJ 07102
- e. Phone: 201-686-7241

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FLORIDA DEPARTMENT OF
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State Board of Education

Marva Johnson, *Chair*
Andy Tuck, *Vice Chair*
Members
Gary Chartrand
Ben Gibson
Tom Grady
Michael Olenick
Joe York

Pam Stewart
Commissioner of Education

April 26, 2018

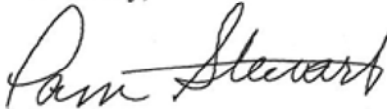
Democracy Prep Public Schools Inc.
Attn: Jonathan Howard
1767 Park Avenue, 5th Floor
New York, New York 10035

Dear Mr. Howard:

Thank you for submitting an application for designation as a Hope Operator for the purpose of operating one or more Schools of Hope pursuant to section 1002.333, Florida Statutes. The Office of Independent Education and Parental Choice conducted a full and complete review of your application and determined that it met the requirements set forth in section 1002.333(2), Florida Statutes, and Rule 6A-1.0998271(2), Florida Administrative Code. Your application will be considered by the State Board of Education at the May 16, 2018, meeting.

Thank you for your participation in Florida's educational choice programs. If you have any additional questions, please contact Adam Miller at 850-245-0502.

Sincerely,


Pam Stewart

PS/cr

cc: Adam Miller, Executive Director, Office of Independent Education & Parental Choice

FLORIDA DEPARTMENT OF EDUCATION

Office of Independent Education and Parental Choice



HOPE OPERATOR DESIGNATION INITIAL CRITERIA



Application Review Checklist

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Entity Name: Democracy Prep Public Schools Inc.

Date of Review: April 20, 2018

- IRS Determination Letter as a 501(c)3
- Operates 3 or more K12 public charter schools
- Record of serving students from low-income families
- Meets one of the following criteria:
 - Awarded a USED Charter School Replication/Expansion grant within the preceding 3 years
 - Current and active grantee of National Fund of the Charter School Growth Fund
 - Charter school selected by a district school board to turnaround the performance of a low performing public school (Sec 1008.33, F.S.)

Comments: _____

Reviewed by: *Col Russell*

Approved by: *Pam Stewart*

Application for Hope Operator Designation

A nonprofit organization with tax-exempt status under s. 501(c)(3) of the Internal Revenue Code that operates three or more charter schools that serve students in grades K-12 in Florida or other states with a record of serving students from low-income families may apply to the Florida State Board of Education for designation as a Hope Operator.

Section A: Organizational Information

Name of Non-profit Organization	Democracy Prep Public Schools Inc.		
IRS Federal Employer Identification Number	20-2629354		
Street Address	1767 Park Avenue 5 th Floor		
City	New York		
State	New York	Zip Code	10035
Website	DemocracyPrep.org	Phone Number	917.710.5393

- *Attach a copy of 501(c)(3) determination letter*

A copy of the Democracy Prep Public Schools 501(c)(3) determination letter is attached.

Leadership

Executive Director/CEO	Katie Duffy		
E-mail	KDuffy@democracyprep.org	Phone	917.232.6285
Primary Contact (if different)	Jonathan Howard		
E-mail	JHoward@DemocracyPrep.org	Phone	917.710.5393

Board Members of Non-Profit Organization

Name	Position (President, VP, etc)	E-mail address
Ryan Offutt	Chair	https://www.linkedin.com/in/ryan-offutt-3974bb23
Carlos Lejniaks	Vice-Chair	https://www.linkedin.com/in/carloslejniaks
Pallavi Verma	Treasurer	https://www.linkedin.com/in/pallaviverma1
Katie Duffy		https://www.linkedin.com/in/katieduffy04

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 Form SOH1
 Effective February 2018

Allyson Downey		https://www.linkedin.com/in/allysondowney
Chris Kraus		https://www.linkedin.com/in/christkraus
Jeri Powell		https://www.linkedin.com/in/jeri-powell-4314a24
Sam Schaeffer		https://www.linkedin.com/in/samantha-schaeffer-66021548
Erhard Marius		https://www.linkedin.com/in/erhard-marius-777b58a

Section B: Criteria

Please indicate which of the following Hope Operator criteria your organization meets:

1. The operator was awarded a United States Department of Education Charter School Program grant for Replication and Expansion of High-Quality Charter Schools within the preceding three years

- Provide a copy of the award letter from the US Department of Education

A copy of the award letter from the US Department of Education is attached.

~~2. The operator receives funding through the National Fund of the Charter School Growth Fund to accelerate the growth of the nation’s best charter schools.~~

- ~~— Provide evidence that the operator is currently receiving funding through the National Fund of the Charter School Growth Fund. This may include a signed letter from the CEO of the Charter School Growth Fund, or a current and active grant award agreement.~~

~~3. The operator is selected by a district school board in accordance with s. 1008.33, Florida Statutes, to turn around the performance of a persistently low performing public school.~~

- ~~— Provide a signed letter from the District Superintendent, or other evidence, indicating the District selected the school pursuant to Section 1008.33, Florida Statutes, to turn around the performance of a low performing public school.~~

Section C: Additional Information

In order to demonstrate that the applicant meets the definition of Hope Operator, pursuant to Section 1002.333(2), Florida Statutes, provide the following information, for the most recent

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 Form SOH1
 Effective February 2018

completed school year, for each public charter school that is currently operated by the applicant.

School Name: Democracy Prep Charter School
National Center for Education Statistics (NCES) Identification Number: 360015805847
Address, City, State, Zip Code: 2230 5th Avenue, New York, NY 10037
Grades Served: 6-12
Total Enrollment: 685
Percentage of Students Eligible for Free or Reduced Lunch: 77%
Authorizer Name: State University of New York Charter Schools Institute

School Name: Democracy Prep Harlem Charter School
National Center for Education Statistics (NCES) Identification Number: 360101006183
Address, City, State, Zip Code: 2005 Madison Avenue, New York, NY 10035
Grades Served: K-3; 6-12
Total Enrollment: 891
Percentage of Students Eligible for Free or Reduced Lunch: 79%
Authorizer Name: State University of New York Charter Schools Institute

School Name: Harlem Prep Charter School
National Center for Education Statistics (NCES) Identification Number: 360006804870
Address, City, State, Zip Code: 240 East 123rd Street, New York, NY 10035
Grades Served: K-10
Total Enrollment: 810
Percentage of Students Eligible for Free or Reduced Lunch: 89%
Authorizer Name: State University of New York Charter Schools Institute

School Name: Democracy Prep Endurance Charter School
National Center for Education Statistics (NCES) Identification Number: N/A
Address, City, State, Zip Code: 250 West 127th Street, New York, NY 10027
Grades Served: 6-10
Total Enrollment: 554
Percentage of Students Eligible for Free or Reduced Lunch: 87%
Authorizer Name: New York State Education Department

School Name: Freedom Prep Charter School
National Center for Education Statistics (NCES) Identification Number: 340008000566
Address, City, State, Zip Code: 1000 Atlantic Avenue, Camden, NJ 08104
Grades Served: K-12
Total Enrollment: 874
Percentage of Students Eligible for Free or Reduced Lunch: 93%
Authorizer Name: New Jersey Department of Education

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School Name: Bronx Prep Charter School
National Center for Education Statistics (NCES) Identification Number: 360004204466
Address, City, State, Zip Code: 3872 Third Avenue, Bronx, New York 10457
Grades Served: 6-12
Total Enrollment: 681
Percentage of Students Eligible for Free or Reduced Lunch: 84%
Authorizer Name: State University of New York Charter Schools Institute

School Name: Democracy Prep Baton Rouge Charter School
National Center for Education Statistics (NCES) Identification Number: N/A
Address, City, State, Zip Code: 4055 Prescott Road, Baton Rouge, LA 70805
Grades Served: K-2; 5-8
Total Enrollment: 300
Percentage of Students Eligible for Free or Reduced Lunch: 96%
Authorizer Name: Louisiana Department of Education

School Name: Democracy Prep Congress Heights Charter School
National Center for Education Statistics (NCES) Identification Number: 110007400409
Address, City, State, Zip Code: 3100 Martin Luther King Ave., SE Washington, D.C. 20032
Grades Served: PreK3-8
Total Enrollment: 648
Percentage of Students Eligible for Free or Reduced Lunch: 100%
Authorizer Name: District of Columbia Public Charter School Board

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: JUN 13 2007

DEMOCRACY BUILDERS
12 W 72ND ST STE 18A
NEW YORK, NY 10023

Employer Identification Number:
20-2629354
DLN:
17053073009007
Contact Person:
PERCY E DOWD ID# 95100
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
June 30
Public Charity Status:
170(b)(1)(A)(vi)
Form 990 Required:
Yes
Effective Date of Exemption:
August 25, 2005
Contribution Deductibility:
Yes
Advance Ruling Ending Date:
June 30, 2009

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. During your advance ruling period, you will be treated as a public charity. Your advance ruling period begins with the effective date of your exemption and ends with advance ruling ending date shown in the heading of the letter.

Shortly before the end of your advance ruling period, we will send you Form 8734, Support Schedule for Advance Ruling Period. You will have 90 days after the end of your advance ruling period to return the completed form. We will then notify you, in writing, about your public charity status.

Please see enclosed Information for Exempt Organizations Under Section 501(c)(3) for some helpful information about your responsibilities as an exempt organization.

Letter 1045 (DO/CG)

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DEMOCRACY BUILDERS

Sincerely,



Robert Choi
Director, Exempt Organizations
Rulings and Agreements

Enclosures: Information for Organizations Exempt Under Section 501(c)(3)
Statute Extension

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Letter 1045 (DO/CG)

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DEMOCRACY BUILDERS

INFORMATION FOR ORGANIZATIONS EXEMPT UNDER SECTION 501(c)(3)

WHERE TO GET FORMS AND HELP

You can obtain forms and instructions by calling toll free 1-800-829-3676, through the Internet Web Site at www.irs.gov, and at local tax assistance centers.

You can obtain additional information about most topics discussed below through our customer service function by calling toll free 1-877-829-5500, or on our Web Site at www.irs.gov/eo. In addition, you should sign up for Exempt Organization's EO Update, a regular e-mail newsletter that highlights new information posted on the charities pages of irs.gov. To subscribe, go to www.irs.gov/eo and click on "EO Newsletter."

NOTIFY US ON THESE MATTERS

If you change your name, address, purposes, operations or sources of financial support, please inform our TE/GE EO Determinations Office at the following address: Internal Revenue Service, P.O. Box 2508, Cincinnati, Ohio 45201. If you amend your organizational document or by-laws, or dissolve, provide the EO Determinations Office with a copy of the amended documents. Please use your employer identification number on all returns you file and in all correspondence with the Internal Revenue Service.

FILING REQUIREMENTS

In your exemption letter, we indicated whether you must file Form 990, Return of Organization Exempt From Income Tax. If your exemption letter states that you are not required to file Form 990, you are exempt from these requirements. Otherwise, if your gross receipts are normally more than \$25,000, you must file Form 990 or Form 990-EZ with the Ogden Submission Processing Center, Ogden, UT 84201-0027.

You are eligible to file Form 990-EZ if your gross receipts are normally between \$25,000 and \$100,000, and your total assets are less than \$250,000. You must file the complete Form 990 if your gross receipts are over \$100,000, or your total assets are over \$250,000. The Form 990 instructions show how to compute your "normal" receipts.

Form 990 Schedule A is required for both Form 990 and Form 990-EZ.

Organizations With Gross Receipts of \$25,000 or Less

For tax periods beginning after December 31, 2006, you must file an annual electronic notice if your gross receipts are normally \$25,000 or less. Alternatively, you may file a complete Form 990 Package if we send one to you.

Exception: Section 509(a)(3) supporting organizations must file Form 990 or

Letter 1045 (DO/CG)

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DEMOCRACY BUILDERS

of these documents to any individual, upon written or in person request, without charge other than reasonable fees for copying and postage.

You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, Tax-Exempt Status for Your Organization, or call our toll free number shown above.

FUNDRAISING

Contributions to you are deductible only to the extent that they are gifts and no consideration is received in return. Depending on the circumstances, ticket purchases and similar payments in conjunction with fundraising events may not qualify as fully deductible contributions.

CONTRIBUTIONS OF \$250 OR MORE

Donors must have written substantiation from the charity for any charitable contribution of \$250 or more. Although it is the donor's responsibility to obtain written substantiation from the charity, you can assist donors by providing a written statement listing any cash contribution or describing any donated property.

This written statement must be provided at the time of the contribution. There is no prescribed format for the written statement. Letters, postcards and electronic (e-mail) or computer-generated forms are acceptable.

The donor is responsible for the valuation of donated property. However, your written statement must provide a sufficient description to support the donor's contribution.

For contributions of cash, a check or other monetary gift made on or after January 1, 2007, a donor cannot claim a tax deduction unless the donor maintains a record of the contribution in the form of either a bank record (such as a cancelled check) or a written communication from the charity (such as a receipt or letter) showing the name of the charity, the date of the contribution, and the amount of the contribution.

For additional information regarding donor substantiation, see Publication 1771, Charitable Contributions - Substantiation and Disclosure Requirements. For information about the valuation of donated property, see Publication 561, Determining the Value of Donated Property.

CONTRIBUTIONS OF MORE THAN \$75 AND
CHARITY PROVIDES GOODS OR SERVICES

You must provide a written disclosure statement to donors who receive goods or services from you in exchange for contributions in excess of \$75.

Contribution deductions are allowable to donors only to the extent their contributions exceed the value of the goods or services received in exchange.

Letter 1045 (DO/CG)

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DEMOCRACY BUILDERS

Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as fully deductible contributions, depending on the circumstances. If you conduct fundraising events such as benefit dinners, shows, membership drives, etc., where something of value is received, you are required to provide a written statement informing donors of the fair market value of the specific items or services you provided in exchange for contributions of more than \$75.

You should provide the written disclosure statement in advance of any event, determine the fair market value of any benefit received, determine the amount of the contribution that is deductible, and state this information in your fundraising materials such as solicitations, tickets, and receipts. The amount of the contribution that is deductible is limited to the excess of any money (and the value of any property other than money) contributed by the donor less the value of goods or services provided by the charity. Your disclosure statement should be made, no later than, at the time payment is received. Subject to certain exceptions, your disclosure responsibility applies to any fundraising circumstances where each complete payment, including the contribution portion, exceeds \$75. For additional information, see Publication 1771 and Publication 526, Charitable Contributions.

EXCESS BENEFIT TRANSACTIONS

Excess benefit transactions are governed by section 4958 of the Code. Excess benefit transactions involve situations where a section 501(c)(3) organization provides an unreasonable benefit to a person who is in a position to exercise substantial influence over the organization's affairs. If you believe there may be an excess benefit transaction in which you are involved, you should report the transaction on Form 990 or 990-EZ. For information on how to correct and report this transaction, see the instructions for Form 990 and Form 990-EZ, or call our toll free number shown above.

EMPLOYMENT TAXES

If you have employees, you are subject to income tax withholding and the social security taxes imposed under the Federal Insurance Contribution Act (FICA). You are required to withhold Federal income tax from your employee's wages and you are required to pay FICA on each employee who is paid more than \$100 in wages during a calendar year. To know how much income tax to withhold, you should have a Form W-4, Employee's Withholding Allowance Certificate, on file for each employee. Organizations described in section 501(c)(3) of the Code are not required to pay Federal Unemployment Tax Act (FUTA) tax.

Employment taxes are reported on Form 941, Employer's Quarterly Federal Tax Return. The requirements for withholding, depositing, reporting and paying employment taxes are explained in Circular E, Employer's Tax Guide, (Publication 15), and Employer's Supplemental Tax Guide, (Publication 15-A). These publications explain your tax responsibilities as an employer.

CHURCHES

Letter 1045 (DO/CG)

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DEMOCRACY BUILDERS

Churches may employ both ministers and church workers. Employees of churches or church-controlled organizations are subject to income tax withholding, but may be exempt from FICA taxes. Churches are not required to pay FUTA tax. In addition, although ministers are generally common law employees, they are not treated as employees for employment tax purposes. These special employment tax rules for members of the clergy and religious workers are explained in Publication 517, Social Security and Other Information for Members of the Clergy and Religious Workers. Churches should also consult Publications 15 and 15-A. Publication 1828, Tax Guide for Churches and Religious Organizations, also discusses the various benefits and responsibilities of these organizations under Federal tax law.

PUBLIC CHARITY STATUS

Every organization that qualifies for tax-exemption as an organization described in section 501(c)(3) is a private foundation unless it falls into one of the categories specifically excluded from the definition of that term [referred to in section 509(a)(1), (2), (3), or (4)]. In effect, the definition divides these organizations into two classes, namely private foundations and public charities.

The Code section under which you are classified as a public charity is shown in the heading of your exemption letter. This determination is based on the information you provided and the request you made on your Form 1023 application. Please refer to Publication 557 for additional information about public charity status.

GRANTS TO INDIVIDUALS

The following information is provided for organizations that make grants to individuals. If you begin an individual grant program that was not described in your exemption application, please inform us about the program.

Funds you distribute to an individual as a grant must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should keep adequate records and case histories that demonstrate that grants to individuals serve your charitable purposes. For example, you should be in a position to substantiate the basis for grants awarded to individuals to relieve poverty or under a scholarship or education loan program. Case histories regarding grants to individuals should show names, addresses, purposes of grants, manner of selection, and relationship (if any) to members, officers, trustees, or donors of funds to you.

For more information on the exclusion of scholarships from income by an individual recipient, see Publication 970, Tax Benefits for Education.

Letter 1045 (DO/CG)



**US Department of Education
Washington, D.C. 20202
GRANT AWARD NOTIFICATION**

8

1	RECIPIENT NAME Democracy Prep Public Schools 1767 Park Avenue New York, NY 10035 - 1901	2	AWARD INFORMATION PR/AWARD NUMBER U282M160018 ACTION NUMBER 1 ACTION TYPE New AWARD TYPE Discretionary (Research and Development)																			
3	PROJECT STAFF RECIPIENT PROJECT DIRECTOR Benjamin Feit (917) 364-2103 bfeit@democracyprep.org EDUCATION PROGRAM CONTACT Brian H Martin (202) 205-9085 brian.martin@ed.gov EDUCATION PAYMENT HOTLINE G5 PAYEE 888-336-8930 HELPDESK edcaps.user@ed.gov	4	PROJECT TITLE 84.282M Replicating and Expanding the Democracy Prep DREAM to Educate Over 11,000 Students																			
5	KEY PERSONNEL <table style="width:100%; border:none;"> <tr> <td style="text-align:left;"><u>NAME</u></td> <td style="text-align:left;"><u>TITLE</u></td> <td style="text-align:right;"><u>LEVEL OF EFFORT</u></td> </tr> <tr> <td>Benjamin Feit</td> <td>Project Director</td> <td style="text-align:right;">10 %</td> </tr> </table>			<u>NAME</u>	<u>TITLE</u>	<u>LEVEL OF EFFORT</u>	Benjamin Feit	Project Director	10 %													
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**US Department of Education
Washington, D.C. 20202
GRANT AWARD NOTIFICATION**

CFDA/SUBPROGRAM NO: 84.282M

FUND CODE	FUNDING YEAR	AWARD YEAR	ORG. CODE	CATEGORY	LIMITATION	ACTIVITY	CFDA	OBJECT CLASS	AMOUNT
0204A	2016	2016	EU000000	B	U30	000	282	4101C	\$4,591,801.00

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PR/AWARD NUMBER: U282M160018
 RECIPIENT NAME: Democracy Prep Public Schools
 GRANTEE NAME: DEMOCRACY BUILDERS
 207 W 133RD ST,
 NEW YORK, NY 10030 - 3201
 PROGRAM INDIRECT COST TYPE: Unrestricted
 PROJECT INDIRECT COST RATE:

TERMS AND CONDITIONS

(1) THE FOLLOWING ITEMS ARE INCORPORATED IN THE GRANT AGREEMENT:

- 1) THE RECIPIENT'S APPLICATION (BLOCK 2);
- 2) THE APPLICABLE EDUCATION DEPARTMENT REGULATIONS: 2 CFR PART 180, NONPROCUREMENT DEBARMENT AND SUSPENSION AS ADOPTED AT 2 CFR PART 3485; 2 CFR PART 200 AS ADOPTED AT 2 CFR 3474 (BLOCK 8), AND 34 CFR PARTS 75, 77, 79, 81, 82, 84, 86, 97, 98, 99; AND THE PROGRAM REGULATIONS SPECIFIED IN BLOCK 8; AND
- 3) THE SPECIAL TERMS AND CONDITIONS SHOWN AS ATTACHMENTS IN BLOCK 8 ON THE INITIAL AWARD APPLY UNTIL CHANGED.

THIS AWARD SUPPORTS ONLY THE BUDGET PERIOD SHOWN IN BLOCK 6. IN ACCORDANCE WITH 34 CFR 75.253, THE SECRETARY CONSIDERS, AMONG OTHER THINGS, CONTINUED FUNDING IF:

- 1) CONGRESS HAS APPROPRIATED SUFFICIENT FUNDS UNDER THE PROGRAM,
- 2) THE DEPARTMENT DETERMINES THAT CONTINUING THE PROJECT WOULD BE IN THE BEST INTEREST OF THE GOVERNMENT,
- 3) THE GRANTEE HAS MADE SUBSTANTIAL PROGRESS TOWARD MEETING THE GOALS AND OBJECTIVES OF THE PROJECT,
- 4) THE SECRETARY ESTABLISHED PERFORMANCE MEASUREMENT REQUIREMENTS FOR THE GRANT IN THE APPLICATION NOTICE, THE PERFORMANCE TARGETS IN THE GRANTEE'S APPROVED APPLICATION,
- 5) THE RECIPIENT HAS SUBMITTED REPORTS OF PROJECT PERFORMANCE AND BUDGET EXPENDITURES THAT MEET THE REPORTING REQUIREMENTS FOUND AT 34 CFR 75.118, 2 CFR 200.327 AND 200.328, AND ANY OTHER REPORTING REQUIREMENTS ESTABLISHED BY THE SECRETARY,
- 6) THE GRANTEE HAS MAINTAINED FINANCIAL AND ADMINISTRATIVE MANAGEMENT SYSTEMS THAT MEET THE REQUIREMENTS IN 2 CFR 200.302, FINANCIAL MANAGEMENT, AND 2 CFR 200.303, INTERNAL CONTROLS.

IN ACCORDANCE WITH 2 CFR 200.308(c)(2) CHANGES TO KEY PERSONNEL IDENTIFIED IN BLOCK 5 MUST RECEIVE PRIOR APPROVAL FROM THE DEPARTMENT.

THE SECRETARY ANTICIPATES FUTURE FUNDING FOR THIS AWARD ACCORDING TO THE SCHEDULE IDENTIFIED IN BLOCK 6. THESE FIGURES ARE ESTIMATES ONLY AND DO NOT BIND THE SECRETARY TO FUNDING THE AWARD FOR THESE PERIODS OR FOR THE SPECIFIC AMOUNTS SHOWN. THE RECIPIENT WILL BE NOTIFIED OF SPECIFIC FUTURE FUNDING ACTIONS THAT THE SECRETARY TAKES FOR THIS AWARD.

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**US Department of Education
Washington, D.C. 20202**

GRANT AWARD NOTIFICATION

- (2) The Office of Management and Budget requires all Federal agencies to assign a Federal Award Identifying Number (FAIN) to each of their financial assistance awards. The PR/AWARD NUMBER identified in Block 2 is your FAIN.

If you subaward under this grant, you must document the assigned PR/AWARD NUMBER (FAIN) identified in Block 2 of this Grant Award Notification on each subaward made under this grant. The term subaward means:

1. A legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible subrecipient.
 2. The term does not include your procurement of property and services needed to carry out the project or program (The payments received for goods or services provided as a contractor are not Federal awards, see 2 CFR 200.501(f) of the OMB Uniform Guidance: "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards").
 3. A subaward may be provided through any legal agreement, including an agreement that you or a subrecipient considers a contract.
- (3) Unless this grant solely funds research, you must comply with new regulations regarding awards to faith-based organizations (FBOs) that provide beneficiary services under this grant or under a contract you award to provide beneficiary services under this grant. These new regulations clarify the rights of FBOs and impose certain duties on FBOs regarding the referral of beneficiaries they serve. See 34 CFR 75.52, 75.712-75.714, appendix A to part 75, and 2 CFR 3474.15. The Department has established a web page that provides guidance on the new regulations, including FAQs and other implementation tools, which is available at <http://www2.ed.gov/policy/fund/reg/fbci-reg.html>. If you have any questions about these regulations, please contact the Education Program Contact identified in Block 3 of this GAN.
- (4) Reimbursement of indirect costs is subject to the availability of funds and statutory and regulatory restrictions. The negotiated indirect cost rate agreement authorizes a non-Federal entity to draw down indirect costs from the grant awards. The following conditions apply to the below entities.

A. All entities (other than institutions of higher education (IHE))

The GAN for this grant award shows the indirect cost rate that applies on the date of the initial grant for this project. However, after the initial grant date, when a new indirect cost rate agreement is negotiated, the newly approved indirect cost rate supersedes the indirect cost rate shown on the GAN for the initial grant. This new indirect cost rate should be applied according to the period specified in the indirect cost rate agreement, unless expressly limited under EDGAR or program regulations. Any grant award with an approved budget can amend the budget to account for a change in the indirect cost rate. However, for a discretionary grant award any material changes to the budget which may impact the scope or objectives of the grant must be discussed with the program officer at the Department. See 34 CFR 75.560 (d)(3) (ii) (part 75 of EDGAR).

B. Institutions of higher education (IHE)

Under 2 CFR part 200, Appendix III, Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs), the Department must apply the negotiated indirect cost rate in effect on the date of the initial grant award to every budget period of the project, including all continuation grants made for this project. See 2 CFR Part 200, Appendix III, paragraph C.7. Therefore, the GAN for each continuation grant will show the original indirect cost rate and it applies to the entire period of performance of this project. If the indirect cost rate agreement that is applicable to this grant does not extend to the end of the grant's project period, the indirect cost rate set at the start of the project period must still be applied to the end of project period regardless of the fact that the rate has otherwise expired.



U282M160018

**US Department of Education
Washington, D.C. 20202
GRANT AWARD NOTIFICATION**

AUTHORIZING OFFICIAL

DATE

Ver. 1

EXPLANATION OF BLOCKS ON THE GRANT AWARD NOTIFICATION

For Discretionary, Formula and Block Grants (See Block 2 of the Notification)

- 1. RECIPIENT NAME** - The legal name of the recipient or name of the primary organizational unit that was identified in the application, state plan or other documents required to be submitted for funding by the grant program.
- 2. AWARD INFORMATION** - Unique items of information that identify this notification.
 - PR/AWARD NUMBER** - A unique, identifying number assigned by the Department to each application. On funded applications, this is commonly known as the "grant number" or "document number." The PR/Award Number is also known as the Federal Award Identifying Number, or FAIN.
 - ACTION NUMBER** - A numeral that represents the cumulative number of steps taken by the Department to date to establish or modify the award through fiscal or administrative means. Action number "01" will always be "NEW AWARD"
 - ACTION TYPE** - The nature of this notification (e.g., NEW AWARD, CONTINUATION, REVISION, ADMINISTRATIVE)
 - AWARD TYPE** - The particular assistance category in which funding for this award is provided, i.e., DISCRETIONARY, FORMULA, or BLOCK. If this award was made under a Research and Development grant program, the terms RESEARCH AND DEVELOPMENT will appear under DISCRETIONARY, FORMULA OR BLOCK.
- 3. PROJECT STAFF** - This block contains the names and telephone numbers of the U.S. Department of Education and recipient staff who are responsible for project direction and oversight.
 - *RECIPIENT PROJECT DIRECTOR** - The recipient staff person responsible for administering the project. This person represents the recipient to the U.S. Department of Education.
 - EDUCATION PROGRAM CONTACT** - The U.S. Department of Education staff person responsible for the programmatic, administrative and businessmanagement concerns of the Department.
 - EDUCATION PAYMENT CONTACT** - The U.S. Department of Education staff person responsible for payments or questions concerning electronic drawdown and financial expenditure reporting.
- 4. PROJECT TITLE AND CFDA NUMBER** - Identifies the Catalog of Federal Domestic Assistance (CFDA) subprogram title and the associated subprogram number.
- 5.* KEY PERSONNEL** - Name, title and percentage (%) of effort the key personnel identified devotes to the project.
- 6. AWARD PERIODS** - Project activities and funding are approved with respect to three different time periods, described below:
 - BUDGET PERIOD** - A specific interval of time for which Federal funds are being provided from a particular fiscal year to fund a recipient's approved activities and budget. The start and end dates of the budget period are shown.
 - PERFORMANCE PERIOD** - The complete length of time the recipient is proposed to be funded to complete approved activities. A performance period may contain one or more budget periods.
 - *FUTURE BUDGET PERIODS** - The estimated remaining budget periods for multi-year projects and estimated funds the Department proposes it will award the recipient provided substantial progress is made by the recipient in completing approved activities, the Department determines that continuing the project would be in the best interest of the Government, Congress appropriates sufficient funds under the program, and the recipient has submitted a performance report that provides the most current performance information and the status of budget expenditures.
- 7. AUTHORIZED FUNDING** - The dollar figures in this block refer to the Federal funds provided to a recipient during the award periods.
 - *THIS ACTION** - The amount of funds obligated (added) or de-obligated (subtracted) by this notification.
 - *BUDGET PERIOD** - The total amount of funds available for use by the grantee during the stated budget period to this date.
 - *PERFORMANCE PERIOD** - The amount of funds obligated from the start date of the first budget period to this date.
 - RECIPIENT COST SHARE** - The funds, expressed as a percentage, that the recipient is required to contribute to the project, as defined by the program legislation or regulations and/or terms and conditions of the award.
 - RECIPIENT NON-FEDERAL AMOUNT** - The amount of non-federal funds the recipient must contribute to the project as identified in the recipient's application. When non-federal funds are identified by the recipient where a cost share is not a legislation requirement, the recipient will be required to provide the non-federal funds.
- 8. ADMINISTRATIVE INFORMATION** - This information is provided to assist the recipient in completing the approved activities and managing the project in accordance with U.S. Department of Education procedures and regulations.

DUNS/SSN - A unique, identifying number assigned to each recipient for payment purposes. The number is based on either the recipient's assigned number from Dun and Bradstreet or the individual's social security number.

***REGULATIONS** - Title 2 of the Code of Federal Regulations(CFR), Part 200 as adopted at 2 CFR 3474; the applicable parts of the Education Department General Administrative Regulations (EDGAR), specific program regulations (if any), and other titles of the CFR that govern the award and administration of this grant.

***ATTACHMENTS** - Additional sections of the Grant Award Notification that discuss payment and reporting requirements, explain Department procedures, and add special terms and conditions in addition to those established, and shown as clauses, in Block 10 of the award. Any attachments provided with a notification continue in effect through the project period until modified or rescinded by the Authorizing Official.

9. LEGISLATIVE AND FISCAL DATA - The name of the authorizing legislation for this grant, the CFDA title of the program through which funding is provided, and U.S. Department of Education fiscal information.

FUND CODE, FUNDING YEAR, AWARD YEAR, ORG.CODE, PROJECT CODE, OBJECT CLASS -

The fiscal information recorded by the U.S. Department of Education's Grants Management System (G5) to track obligations by award.

AMOUNT - The amount of funds provided from a particular appropriation and project code. Some notifications authorize more than one amount from separate appropriations and/or project codes. The total of all amounts in this block equals the amount shown on the line, "THIS ACTION" (See "AUTHORIZED FUNDING" above (Block 7)).

10. TERMS AND CONDITIONS - Requirements of the award that are binding on the recipient.

***PARTICIPANT NUMBER** - The number of eligible participants the grantee is required to serve during the budget year.

***GRANTEE NAME** - The entity name and address registered in the System for Award Management (SAM). This name and address is tied to the DUNS number registered in SAM under the name and address appearing in this field. This name, address and the associated DUNS is what is displayed in the SAM Public Search.

***PROGRAM INDIRECT COST TYPE** - The type of indirect cost permitted under the program (i.e. Restricted, Unrestricted, or Training).

***PROJECT INDIRECT COST RATE** - The indirect cost rate applicable to this grant.

***AUTHORIZING OFFICIAL** - The U.S. Department of Education official authorized to award Federal funds to the recipient, establish or change the terms and conditions of the award, and authorize modifications to the award

FOR FORMULA AND BLOCK GRANTS ONLY:

(See also Blocks 1, 2, 4, 6, 8, 9 and 10 above)

3. PROJECT STAFF - The U.S. Department of Education staff persons to be contacted for programmatic and payment questions.

7. AUTHORIZED FUNDING

CURRENT AWARD AMOUNT - The amount of funds that are obligated (added) or de-obligated (subtracted) by this action.

PREVIOUS CUMULATIVE AMOUNT - The total amount of funds awarded under the grant before this action.

CUMULATIVE AMOUNT - The total amount of funds awarded under the grant, this action included.

* This item differs or does not appear on formula and block grants.

UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE CHIEF FINANCIAL OFFICER
& CHIEF INFORMATION OFFICER

Benjamin Feit
Democracy Prep Public Schools
1767 Park Avenue

New York, NY 10035 - 1901

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SUBJECT: Payee Verification for Grant Award U282M160018

This is to inform you of the payee for the above listed grant award issued by the United States Department of Education

Grantee DUNS/SSN: 828961610
Grantee Name: DEMOCRACY BUILDERS

Payee DUNS/SSN: 828961610
Payee Name: DEMOCRACY BUILDERS

If any of the above information is not correct, please contact a Payee Customer Support Representative at 1-888-336-8930. Please send all the correspondence relating to the payee or bank information changes to the following address:

U.S. Department of Education
550 12th Street, SW
Room 6087
Washington, DC 20202

Attn: Stephanie Barnes
Phone: 202-245-8006

SPECIFIC GRANT CONDITIONS FOR PAYMENTS

THE G5 PAYMENTS MODULE

Payments under this award will be made through the G5-Payments module of the U.S. Department of Education's (Department) electronic payments system. The G5 Payments module within the Education Central Automated Processing Systems (EDCAPS) is administered by the Office of the Chief Information Officer, Financial Systems Services.

The internet address for G5 is <https://www.g5.gov>. To access the G5 Payments module, you must first have a G5 User Id and Password. You will need to request a G5 User Id and Password from the Department of Education by submitting an **External Access Security Form**. This form is electronically available during online registration under "*Not Registered? Sign Up*", when you access the website. The Department will issue G5 User IDs and Passwords to those individuals authorized by the payee to access G5 to request funds and report expenditures. User IDs and Passwords cannot be faxed or given over the phone, and may not be shared by multiple users. The External User Access Request Form must be completed and mailed to the following address:

U.S. Department of Education
Office of the Chief Information Officer
Mail Stop – 4138
Attn: G5 Functional Application Team
400 Maryland Avenue, SW
Washington, DC 20202

New grantees will be requested to provide pertinent information before they may begin requesting funds. Information to be provided includes:

- Designation of payee;
- Payee contacts and mailing addresses;
- Depositor account information; and
- Individuals authorized by the payee to access G5 to request funds - these individuals will be provided User IDs and passwords to access G5.

The payee is the entity identified by the grantee to handle the financial aspects of the grant (e.g., request payments, report expenditures, etc.). While a grantee may designate an entity to be its payee, alternatively, a grantee and payee may be the same entity.

Payees may begin requesting funds for the grantee once their award authorization is entered into G5 and the award start date is reached.

A copy of the Department of Education G5 Training Guide (*Guide*) is available on the G5 website at the "Help" link. The guide provides detailed instructions on all electronic payment processes. If you are not Internet capable, please contact the G5 Hotline at toll free 1 (888) 336-8930 to request a hard copy of the Guide.

**GRANT ATTACHMENT 1
PAGE 2 OF 2**

REQUESTING FUNDS USING THE G5 MODULE

Payees can access the G5-Payments Module on-line to request funds. To access the G5 Payments Module, payees need a Web browser (such as Microsoft Internet Explorer) and Internet connectivity. Payees will request funds by award using **the PR/Award Number** found in **Block 5** of the **Grant Award Notification**. Instructions for navigating through the G5-Payments screens to make a payment request are given in the G5 Training Guide and in the G5 On Demand training located under the “Help” link. Instructions for modifying payment requests, adjusting drawdown amounts, and viewing award and authorization histories are also included in the Guide.

Those payees who do not have the technology to access G5-Payments on-line may request funds by calling ED's G5 Hotline by at 1-888-336-8930.

AWARD INFORMATION

Payees can get information on this award on-line, or by calling ED's G5 Hotline Staff at 1-888-336-8930.

➤ On-Line:

Payees may access G5 via the Internet at <https://www.G5.gov> to retrieve and view information on their awards, such as:

- Net authorization and authorization history;
- Net draws;
- Available balance;
- History of pending and completed payments;
- Award status; and
- Award history - including detailed transactions on drawdowns, returns, refunds, and adjustments.

➤ ED's G5 Hotline Staff:

Payees can contact a G5 Hotline Staff for information on any award. Because award information is organized in G5 by a unique identifier - the Dun & Bradstreet Number (DUNS Number) - payees should have their DUNS number, identified in **Block 8** of the **Grant Award Notification**, available when contacting a G5 Hotline Staff Representative.

FINANCIAL REPORTS:

When a Payee requests a drawdown of funds by grant award, the Department records this drawdown as an expenditure against the specified grant award. This method of identifying expenditures, at the time of drawdown, and the capability to make adjustments on-line, eliminates the need for the submission of the Federal Cash Transactions Report Form 272. Thus, additional financial reporting generally will not be required, unless otherwise specified by ED.

**SPECIFIC GRANT TERMS AND CONDITIONS FOR
FINANCIAL AND PERFORMANCE REPORTS**

PERFORMANCE REPORTS:

ALL RECIPIENTS are required to submit a final performance report within 90 days after the expiration or termination of grant support.

ALL RECIPIENTS of a multi-year discretionary award must submit an annual Grant Performance Report. The report should contain current performance and financial expenditure information for this grant. (34 CFR 75.118).

***** IF YOU HAVE RECEIVED YOUR GRANT AWARD NOTIFICATION ELECTRONICALLY, THE ITEMS BELOW WILL NOT BE CHECKED. YOUR EDUCATION PROGRAM CONTACT WILL PROVIDE YOU WITH INFORMATION ABOUT YOUR PERFORMANCE REPORT SUBMISSIONS, INCLUDING THE DUE DATE, AS A GRANT TERM OR CONDITION IN BOX 10 ON THE GRANT AWARD NOTIFICATION, OR THROUGH ANOTHER NOTIFICATION AT A LATER TIME. *****

Refer to the item(s) checked below for other reporting requirements that may apply to this grant:

_____ 1. A performance report is due before the next budget period begins. The report should contain current performance and financial expenditure information for this grant. (34 CFR 75.118)

_____ The continuation report is due on _____.

_____ The Department will provide recipients with additional information about this report, including due date, at a later time.

_____ 2. An interim performance report is required because of the nature of this award or because of statutory or regulatory provisions governing the program under which this award is made. The report is due more frequently than annually as indicated:

_____ Quarterly Submit within 30 days after the end of each quarter.

_____ Semiannually Submit within 30 days after the end of each 6-month period.

_____ 3. Other Required Reports:

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**GRANT ATTACHMENT 2
PAGE 2 OF 3**

FINANCIAL REPORTS:

***** IF YOU HAVE RECEIVED YOUR GRANT AWARD NOTIFICATION ELECTRONICALLY, THE ITEMS BELOW WILL NOT BE CHECKED. IF A FINANCIAL REPORT IS REQUIRED, YOUR EDUCATION PROGRAM CONTACT WILL PROVIDE YOU WITH INFORMATION ABOUT YOUR FINANCIAL REPORT SUBMISSION, INCLUDING THE DUE DATE, AS A GRANT TERM OR CONDITION IN BOX 10 ON THE GRANT AWARD NOTIFICATION, OR THROUGH ANOTHER NOTIFICATION AT A LATER TIME. *****

Unless an item down below is checked, a Standard Form 425 Federal Financial Report (FFR) is not required for this grant. The Department will rely on the drawdown of funds by grant award and record such drawdowns as expenditures by grantees. (34 CFR 75.720)

Quarterly FFRs are required for reporting periods ending on 12/31, 03/31, 06/30, 09/30, and are due within 45 days after each reporting period.

Semi-annual FFRs are required for reporting periods ending on 03/31 and 09/30, and are due within 45 days after each reporting period.

An annual FFR is required for reporting period ending 09/30, and is due within 45 days after the reporting period.

A final FFR is due within 90 days after the project or grant period end date.

A quarterly, semi-annual, annual, and/or final FFR as noted hereinabove is due for this grant because:

Specific Award Conditions, or specific grant or subgrant conditions for designation of "high risk," were imposed in accordance with 2 CFR Part 200.207 and Part 3474.10; and/or

Statutory Requirement.

When completing an FFR for submission in accordance with the above referenced selection, the following must be noted:

1. While the FFR is a government wide form that is designed for single grant and multiple grant award reporting, the U.S. Department of Education's (EDs) policy is that multiple grant award reporting is not permitted for ED grants. Thus, an ED grantee that is required to submit an FFR in accordance with any of the above referenced selections must complete and submit one FFR for each of its grants. The FFR attachment (Standard Form 425A), which is available for reporting multiple grants, is not to be used for ED grants. As such, references to multiple grant reporting and to the FFR attachment in items 2, 5 and 10 of the FFR are not applicable to ED grantees. With regards to item 1 of the note found in the Federal Financial Report Instructions, it is EDs policy that a grantee must complete items 10(a) through 10(o) for each of its grants. The multiple award, multiple grant, and FFR attachment references found in items 2, 5, 6, before 10(a), in item 10(b), before 10(d), before 10(i) and before 10(l) of the Line Item Instructions for the Federal Financial Report are not applicable to ED grants.
2. Unless disallowed by statute or regulation, a grantee will complete item 10(m) or 10(n) in accordance with the options or combination of options as provided in 2 CFR Part 200.307. A grantee is permitted, in accordance with 2 CFR Part 200.307, to add program income to its Federal share to further eligible project or program

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GRANT ATTACHMENT 2
PAGE 3 OF 3

objectives, use program income to finance the non-Federal share of the project or program; and deduct program income from the Federal share of the total project costs.

3. A grantee will complete item 11(a) by listing the rate type identified in its indirect cost rate agreement, as approved by its cognizant agency. An ED grantee that does not have an indirect cost rate agreement approved by its cognizant agency, and that is using the ED approved temporary rate of 10% of budgeted direct salaries and wages, or the de minimis rate of 10 percent of modified total direct cost (MTDC) consisting of all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subawards and subcontracts up to the first \$25,000 of each subaward (i.e. subgrant) or subcontract, must list its rate in 11(a) as an ED Temporary Rate or De Minimis Rate. A grantee may only use the de minimis rate if it has never negotiated an indirect cost rate with its cognizant agency, and it is not subject to ED's training rate or supplement-not-supplant provisions. In addition, States, Local Governments and Indian Tribes may not use the de minimis rate; thus, this rate may only be used by institutions of higher education (IHE) and non-profit organizations. A training program grantee whose recovery of indirect cost is limited to 8% of a modified total direct cost base in accordance with EDGAR § 75.562 (c), must list its rate as an ED Training Grant Rate. A restricted rate program grantee (such as one with a supplement-not-supplant grant provision) that has not negotiated an indirect cost agreement with its cognizant agency and that has limited the recovery of indirect costs in accordance with 34 CFR 75.563 and 76.564 (c), must list its rate as an ED Restricted Rate.
4. Quarterly, semi-annual, and annual interim reports shall be due within 45 days after the end of the reporting period. Although the Office of Management and Budget (OMB) published in its December 7, 2007 Federal Register Notice (72 FR 69236) that interim reports are due within 45 days of the interim reporting end dates instead of within 30 days as originally identified, OMB has not revised the FFR instructions to reflect this change. Grantees are, nevertheless, permitted to exercise the 45 day period as published by OMB within the Federal Register. Final reports shall be due no later than 90 days after the project or grant period end date. Extensions of reporting due dates may be approved by the program office upon request by the grantee.
5. If grantees need additional space to report financial information, beyond what is available within the FFR, they should provide supplemental pages. These additional pages must indicate the following information at the top of each page: Federal Grant or other identifying number, recipient organization, Data Universal Number System (DUNS) number, Employer Identification Number (EIN), and period covered by the report.

One original and one copy of all reports should be submitted.

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**An Overview of Single Audit Requirements of States,
Local Governments, and Non-Profit Organizations**

To meet audit requirements of U.S. Office of Management and Budget (OMB) Uniform Guidance: Cost Principles, Audit, and Administrative Requirements for Federal Awards (Uniform Guidance), grantees must submit all documents required by Uniform Guidance 2 CFR 200.512, including Form SF-SAC: Data Collection Form, to:

Federal Audit Clearinghouse
1201 East 10th Street
Jeffersonville, Indiana 47132
(301) 763-1551 (voice)
(800) 253-0696 (toll free)
(301) 457-1540 (fax)

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Below is a summary of the single audit requirements:

- (1) Single Audit. A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single audit conducted in accordance with 2 CFR 200.514, "Scope of Audit," except when it elects to have a program specific audit conducted.
- (2) Program-specific audit election. When an auditee expends Federal awards under only one Federal program (excluding R&D), and the Federal program's statutes, regulations, or the terms and conditions of the Federal award do not require a financial statement audit of the auditee, the auditee may elect to have a program-specific audit conducted. A program-specific audit may not be elected for R&D unless all of the Federal awards expended were received from the same Federal agency, or the same Federal agency and the same pass-through entity, and that Federal agency, or pass-through entity in the case of a subrecipient, approves in advance a program-specific audit.
- (3) Exemption when Federal awards expended are less than \$750,000. A non-Federal entity that expends less than \$750,000 during the non-Federal entity's fiscal year in Federal awards is exempt from Federal audit requirements for that year, except as noted in 2 CFR 200.503, but records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity, and Government Accountability Office (GAO).

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**GRANT ATTACHMENT 3
PAGE 2 OF 3**

(4) Federally Funded Research and Development Centers (FFRDC). Management of an auditee that owns or operates a FFRDC may elect to treat the FFRDC as a separate entity.

(5) Report Submission. The audit must be completed, and the data collection form and reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day. Unless restricted by Federal statutes or regulations, the auditee must make copies available for public inspection. Auditees and auditors must ensure that their respective parts of the reporting package do not include protected personally identifiable information. (2 CFR 200.512)

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Grantees are strongly urged to obtain the "OMB Compliance Supplement" and to contact their cognizant agency for single audit technical assistance.

The designated cognizant agency for single audit purposes is "the Federal awarding agency that provides the predominant amount of direct funding to the recipient." Grantees should obtain a copy of the OMB Compliance supplement. This supplement will be instructive to both grantees and their auditors. Appendix III of the supplement provides a list of Federal Agency Contacts for Single Audits, including addresses, phone numbers, fax numbers, and e-mail addresses for technical assistance.

If the U.S. Department of Education is the cognizant agency, grantees should contact the Non-Federal Audit Team in the Department's Office of Inspector General, at the address, phone, or fax number provided on page 3 of this attachment.

Grantees can obtain information on single audits from:

The OMB Publications Service, (202) 395-7332. (To obtain OMB Compliance Supplement, and Form SF-SAC: Data Collection Form)

The OMB web site. The Internet address is www.omb.gov. Look under OMB "Information for Agencies", then in OMB Circulars. (To obtain OMB Compliance Supplement, and Form SF-SAC: Data Collection Form)

The Federal Audit Clearinghouse, 1-888-222-9907. (to obtain Form SF-SAC: Data Collection Form), or

The American Institute of Certified Public Accountants (AICPA). AICPA has illustrative OMB Single Audit report examples that might be of interest to accountants, auditors, or financial staff. The examples can be obtained by their fax hotline: (202) 938-3797, request document number 311; or from their Internet page. The Internet address is www.aicpa.org.

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**GRANT ATTACHMENT 3
PAGE 3 OF 3**

If the U.S. Department of Education is the cognizant agency for the grantee organization, the following shows, according to the location of the grantee entity, which location of the Office of Inspector General to contact for single audit-related questions. For programmatic questions, grantees should contact the Education Program Contact shown on the Department's Grant Award Notification.

U.S. Department of Education Non-Federal Audit Teams

Director, Non-Federal Audits
Office of Inspector General
U.S. Department of Education
Wanamaker Building
100 Penn Square East, Suite 502
Philadelphia, PA 19107
Phone: Voice (215) 656-6900
FAX (215) 656-6397

NATIONAL OFFICE CONTACT and audits in Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia, Puerto Rico, and the Virgin Islands.

Non-Federal Audit Team
Office of Inspector General
U.S. Department of Education
1999 Bryan Street, Suite 2630
Dallas, TX 75201-6817
Phone: Voice (214) 880-3031
FAX (214) 880-2492

For audits in Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, and Texas.

Non-Federal Audit Team
Office of Inspector General
U.S. Department of Education
8930 Ward Parkway, Suite 2401
Kansas City, MO 64114-3302
Phone: Voice (816) 268-0502
FAX (816) 823-1398

For audits in Alaska, Arizona, California, Colorado, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, North Dakota, Ohio, Oregon, South Dakota, Utah, Washington, Wisconsin, Wyoming, and the Pacific Islands.

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GRANT ATTACHMENT 6

Request for Approval of Program Income

In projects that generate program income, the recipient calculates the amount of program income according to the guidance given in 2 CFR Part 200.307.

***** IF YOU RECEIVED YOUR GRANT AWARD NOTIFICATION ELECTRONICALLY AND YOU ARE SUBJECT TO ANY OF THE RESTRICTIONS IDENTIFIED BELOW, THE RESTRICTION(S) WILL APPEAR IN BOX 10 ON YOUR GRANT AWARD NOTIFICATION AS A GRANT TERM OR CONDITION OF THE AWARD. *****

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Unless checked below as NOT ALLOWED, the recipient may exercise any of the options or combination of options, as provided in 2 CFR Part 200.307, for using program income generated in the course of the recipient's authorized project activities:

_____ Not Allowed Adding program income to funds committed to the project by the Secretary and recipient and using it to further eligible project or program objectives;

_____ Not Allowed Using program income to finance the non-Federal share of the project or program; and

_____ Not Allowed Deducting program income from the total allowable cost to determine the net allowable costs.

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GRANT ATTACHMENT 8

Trafficking in Persons

The Department of Education adopts the requirements in the Code of Federal Regulations at 2 CFR 175 and incorporates those requirements into this grant through this condition. The grant condition specified in 2 CFR 175.15(b) is incorporated into this grant with the following changes. Paragraphs a.2.ii.B and b.2.ii. are revised to read as follows:

“a.2.ii.B. Imputed to you or the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 34 CFR part 85.”

“b.2.ii. Imputed to the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 34 CFR part 85.”

Under this condition, the Secretary may terminate this grant without penalty for any violation of these provisions by the grantee, its employees, or its subrecipients.

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Reporting Prime Awardee Executive Compensation Data As Required under the Federal Funding Accountability and Transparency Act

The Federal Funding Accountability and Transparency Act (FFATA) is designed to increase transparency and improve the public's access to Federal government information. To this end, FFATA requires that executive compensation data be reported for all new Federal grants funded at \$25,000 or more that meet the reporting conditions as set forth in this grant award term, and that are awarded on or after October 1, 2010. For FFATA reporting purposes, the prime awardee (i.e. the grantee) is the entity listed in box 1 of the Grant Award Notification.

a. Reporting Total Compensation of the Prime Awardee's Executives:

1. *Applicability and what to report.* The prime awardee must report total compensation for each of its five most highly compensated executives for the preceding completed fiscal year, if all of the following conditions are applicable: —

i. the total Federal funding authorized to date under this award is \$25,000 or more; **and**

ii. in the preceding fiscal year, the prime awardee received--

(A) 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); **and**

(B) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards); **and**

iii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Securities and Exchange Commission total compensation filings at www.sec.gov/answers/excomp.htm.)

2. *Where, what and when to report.* The prime awardee must report executive compensation described in paragraph **a.1.** of this grant award term as part of its registration profile in the System for Award Management (www.SAM.gov).

i. The types of compensation that must be reported for each subrecipient are listed in the definition of "total compensation" appearing in item **b** of this grant award term. If this is the first award the prime awardee has received that is subject to the reporting requirements in paragraph **a.1.**, the prime awardee must report by the end of the month following the month in which this award is made, and on each anniversary of this award.

b. Definitions. For purposes of this grant award term:

1. *Entity* means all of the following, as defined in 2 CFR Part 25:

- i. A Governmental organization, which is a State, local government, or Indian tribe;
- ii. A foreign public entity;
- iii. A domestic or foreign nonprofit organization;
- iv. A domestic or foreign for-profit organization;
- v. A Federal agency, but only as a subrecipient under an award or subaward to a non-Federal entity.

2. *Executive* means officers, managing partners, or any other employees in management positions.

3. *Total compensation* means the cash and noncash dollar value earned by the executive during the prime awardee's or subrecipient's preceding fiscal year and includes the following (for more information see 17 CFR 229.402(c)(2)):

- i. Salary and bonus.
- ii. Awards of stock, stock options, and stock appreciation rights. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.
- iii. Earnings for services under non-equity incentive plans. This does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.
- iv. Change in pension value. This is the change in present value of defined benefit and actuarial pension plans.
- v. Above-market earnings on deferred compensation which is not tax-qualified.
- vi. Other compensation, if the aggregate value of all such other compensation (e.g. severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds \$10,000.

Revised 07/2015

GRANT ATTACHMENT 11

**SPECIFIC CONDITIONS FOR DISCLOSING
FEDERAL FUNDING IN PUBLIC ANNOUNCEMENTS**

When issuing statements, press releases, requests for proposals, bid solicitations and other documents describing projects or programs funded in whole or in part with Federal money, U.S. Department of Education grantees shall clearly state :

- 1) the percentage of the total costs of the program or project which will be financed with Federal money;
- 2) the dollar amount of Federal funds for the project or program; and
- 3) the percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

Recipients must comply with these conditions under Division H, Title V, Section 505 of Public Law 113-76, Consolidated Appropriations Act, 2014.

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GRANT ATTACHMENT 12

**PROHIBITION OF TEXT MESSAGING AND EMAILING WHILE
DRIVING DURING OFFICIAL FEDERAL GRANT BUSINESS**

Federal grant recipients, sub recipients and their grant personnel are prohibited from text messaging while driving a government owned vehicle, or while driving their own privately owned vehicle during official grant business, or from using government supplied electronic equipment to text message or email when driving.

Recipients must comply with these conditions under Executive Order 13513, “Federal Leadership on Reducing Text Messaging While Driving,” October 1, 2009.

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GRANT ATTACHMENT 13**Registration of Data Universal Numbering System (DUNS) Number and Taxpayer Identification Number (TIN) in the System for Award Management (SAM)**

The U.S. Department of Education (Education) Grants Management System (G5) will begin disbursing payments via the U.S. Department of Treasury (Treasury) rather than directly through the Federal Reserve as in the past. The U.S. Treasury requires that we include your Tax Payer Identification Number (TIN) with each payment. Therefore, in order to do business with Education you must have a registered DUNS and TIN number with the SAM, the U.S. Federal Government's primary registrant database. If the payee DUNS number is different than your grantee DUNS number, both numbers must be registered in the SAM. Failure to do so will delay the receipt of payments from Education.

A TIN is an identification number used by the Internal Revenue Service (IRS) in the administration of tax laws. It is issued either by the Social Security Administration (SSA) or by the IRS. A Social Security number (SSN) is issued by the SSA whereas all other TINs are issued by the IRS.

The following are all considered TINs according to the IRS.

- Social Security Number "SSN"
- Employer Identification Number "EIN"
- Individual Taxpayer Identification Number "ITIN"
- Taxpayer Identification Number for Pending U.S. Adoptions "ATIN"
- Preparer Taxpayer Identification Number "PTIN"

If your DUNS number is not currently registered with the SAM, you can easily register by going to www.sam.gov. Please allow 3-5 business days to complete the registration process. If you need a new TIN, please allow 2-5 weeks for your TIN to become active. If you need assistance during the registration process, you may contact the SAM Federal Service Desk at 866-606-8220.

If you are currently registered with SAM, you may not have to make any changes. However, please take the time to validate that the TIN associated with your DUNS is correct.

If you have any questions or concerns, please contact the G5 Hotline at 888-336-8930.

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GRANT ATTACHMENT 14

System for Award Management and Universal Identifier Requirements**1. Requirement for System for Award Management (SAM)**

Unless you are exempted from this requirement under 2 CFR 25.110, you as the recipient must maintain the currency of your information in the SAM until you submit the final financial report required under this award or receive the final payment, whichever is later. This requires that you review and update the information at least annually after the initial registration, and more frequently if required by changes in your information or another award term.

2. Requirement for Data Universal Numbering System (DUNS) Numbers

If you are authorized to make subawards under this award, you:

1. Must notify potential subrecipients that no entity (see definition in paragraph C of this award term) may receive a subaward from you unless the entity has provided its DUNS number to you.
2. May not make a subaward to an entity unless the entity has provided its DUNS number to you.

3. Definitions

For purposes of this award term:

1. System for Award Management (SAM) means the Federal repository into which an entity must provide information required for the conduct of business as a recipient. Additional information about registration procedures may be found at the SAM Internet site (currently at <http://www.sam.gov>).
2. Data Universal Numbering System (DUNS) number means the nine-digit number established and assigned by Dun and Bradstreet, Inc. (D&B) to uniquely identify business entities. A DUNS number may be obtained from D&B by telephone (currently 866-705-5711) or the Internet (currently at <http://fedgov.dnb.com/webform>).
3. Entity, as it is used in this award term, means all of the following, as defined at 2 CFR part 25, subpart C:
 - a. A Governmental organization, which is a State, local government, or Indian Tribe;
 - b. A foreign public entity;
 - c. A domestic or foreign nonprofit organization;
 - d. A domestic or foreign for-profit organization; and
 - e. A Federal agency, but only as a subrecipient under an award or subaward to a non-Federal entity.
4. Subaward:
 - a. This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible subrecipient.
 - b. The term does not include your procurement of property and services needed to carry out the project or program (see 2 CFR 200.501 of the OMB "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards").
 - c. A subaward may be provided through any legal agreement, including an agreement that you consider a contract.
5. Subrecipient means an entity that:
 - a. Receives a subaward from you under this award; and
 - b. Is accountable to you for the use of the Federal funds provided by the subaward.

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UNITED STATES DEPARTMENT OF EDUCATION
Office of the Chief Financial Officer

MEMORANDUM to ED GRANTEEES REGARDING THE USE OF GRANT FUNDS FOR CONFERENCES AND MEETINGS

You are receiving this memorandum to remind you that grantees must take into account the following factors when considering the use of grant funds for conferences and meetings:

- Before deciding to use grant funds to attend or host a meeting or conference, a grantee should:
 - Ensure that attending or hosting a conference or meeting is consistent with its approved application and is reasonable and necessary to achieve the goals and objectives of the grant;
 - Ensure that the primary purpose of the meeting or conference is to disseminate technical information, (e.g., provide information on specific programmatic requirements, best practices in a particular field, or theoretical, empirical, or methodological advances made in a particular field; conduct training or professional development; plan/coordinate the work being done under the grant); and
 - Consider whether there are more effective or efficient alternatives that can accomplish the desired results at a lower cost, for example, using webinars or video conferencing.
- Grantees must follow all applicable statutory and regulatory requirements in determining whether costs are reasonable and necessary, especially the Cost Principles for Federal grants set out at 2 CFR Part 200 Subpart E of the, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.” In particular, remember that:
 - Federal grant funds cannot be used to pay for alcoholic beverages; and
 - Federal grant funds cannot be used to pay for entertainment, which includes costs for amusement, diversion, and social activities.
- Grant funds may be used to pay for the costs of attending a conference. Specifically, Federal grant funds may be used to pay for conference fees and travel expenses (transportation, per diem, and lodging) of grantee employees, consultants, or experts to attend a conference or meeting if those expenses are reasonable and necessary to achieve the purposes of the grant.
 - When planning to use grant funds for attending a meeting or conference, grantees should consider how many people should attend the meeting or conference on their behalf. The number of attendees should be reasonable and necessary to accomplish the goals and objectives of the grant.
- A grantee hosting a meeting or conference may not use grant funds to pay for food for conference attendees unless doing so is necessary to accomplish legitimate meeting or conference business.
 - A working lunch is an example of a cost for food that might be allowable under a Federal grant if attendance at the lunch is needed to ensure the full participation by conference attendees in essential discussions and speeches concerning the purpose of the conference and to achieve the goals and objectives of the project.
- A meeting or conference hosted by a grantee and charged to a Department grant must not be promoted as a U.S. Department of Education conference. This means that the seal of the U.S. Department of Education must not be used on conference materials or signage without Department approval.

UNITED STATES DEPARTMENT OF EDUCATION
Office of the Chief Financial Officer

- All meeting or conference materials paid for with grant funds must include appropriate disclaimers, such as the following:
 - The contents of this (insert type of publication; e.g., book, report, film) were developed under a grant from the Department of Education. However, those contents do not necessarily represent the policy of the Department of Education, and you should not assume endorsement by the Federal Government.
- Grantees are strongly encouraged to contact their project officer with any questions or concerns about whether using grant funds for a meeting or conference is allowable prior to committing grant funds for such purposes.
 - A short conversation could help avoid a costly and embarrassing mistake.
- Grantees are responsible for the proper use of their grant awards and may have to repay funds to the Department if they violate the rules on the use of grant funds, including the rules for meeting- and conference-related expenses.

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12/2014

ENCLOSURE 1

TO: Project Directors and Fiscal Management Staff for ED
Discretionary Grants

FROM: Philip A. Maestri
Director, Risk Management Service

SUBJECT: Key Financial Management Requirements for Discretionary
Grants Awarded by the Department of Education (ED)

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As part of the Department's on-going efforts to make you aware of your responsibilities associated with managing Federal funds, I am writing to remind you of important financial management requirements that apply to discretionary grant awards.

In general, the Department expects that you will administer ED grants in accordance with generally accepted business practices, exercising prudent judgment so as to maintain proper stewardship of taxpayer dollars. This includes using fiscal control and fund accounting procedures that insure proper disbursement of and accounting for Federal funds. In addition, you may use grant funds only for obligations incurred during the funding period.

Title 2 of the Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," establishes requirements for Federal awards made to non-Federal entities. The Education General Administrative Regulations in 34 CFR (EDGAR) 75, 76, 77, 79, 81, 82, 84, 86, 97, 98, and 99] contain additional requirements for administering discretionary grants made by this Department. The most recent version of these regulations may be accessed at the following URLs:

[The Education General Administrative Regulations \(EDGAR\)](#)

[2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)

The attached document, "Selected Topics in Administering ED Discretionary Grants," highlights major administrative requirements of 2 CFR Part 200. In addition, a few of the topics discuss requirements that this Department imposes on its discretionary grantees under EDGAR, Part 75 (Direct Grants). The specific sections of 2 CFR Part 200 and of EDGAR that address the topics discussed are shown in parentheses. I urge you to read the full text of these and other topics in EDGAR and in 2 CFR Part 200.

Please keep in mind that a particular grant might be subject to additional

requirements of the authorizing statute for the program that awarded the grant and/or any regulations issued by the program office. You should become familiar with those requirements as well, because program-specific requirements might differ from those in 2 CFR Part 200 and in EDGAR.

In closing, I recommend that the project director and the fiscal management staff of a grantee organization communicate frequently with each other about the grant budget. Doing so will help to assure that you use Federal funds only for those expenditures associated with activities that conform to the goals and objectives approved for the project.

You should direct any questions you might have about the topics discussed in the attached document or about any other aspect of administering your grant award to the ED program staff person named in Block 3 of the Grant Award Notification.

Attachment

Selected Topics in Administering ED Discretionary Grants

I. Financial Management Systems (2 CFR Part 200.302)

In general, grantees are required to have financial management systems that:

- * provide for accurate, current, and complete disclosure of results regarding the use of funds under grant projects;
- * provide adequate source documentation for Federal and non-Federal funds used under grant projects;
- * contain procedures to determine the allowability, allocability, and reasonableness of obligations and expenditures made by the grantee; and
- * enable the grantee to maintain effective internal control and fund accountability procedures, e.g., requiring separation of functions so that the person who makes obligations for the grantee is not the same person who signs the checks to disburse the funds for those obligations.

State systems must account for funds in accordance with State laws and procedures that apply to the expenditure of and the accounting for a State's own funds. A State's procedures, as well as those of its subrecipients and cost-type contractors, must be sufficient to permit the preparation of reports that may be required under the award as well as provide the tracing of expenditures to a level adequate to establish that award funds have not been used in violation of any applicable statutory restrictions or prohibitions.

II. Payment (2 CFR Part 200.305)

Under this part --

- * the Department pays grantees in advance of their expenditures if the grantee demonstrates a willingness and ability to minimize the time between the transfer of funds to the grantee and the disbursement of the funds by the grantee;
- * grantees repay to the Federal government interest earned on advances; and
- * grantees subject to Part 74 deposit grant funds in interest-bearing accounts (grantees subject to part 80 are encouraged to also deposit grant funds in interest-bearing accounts).

In general, grantees should make payment requests frequently, only for small amounts sufficient to meet the cash needs of the immediate future.

The Department has recently encountered situations where grantees failed to request funds until long after the grantee actually expended its own funds for the costs of its grant. Grantees need to be aware that, by law, Federal funds are available for grantees to draw down for only a limited period of time, after which the funds revert to the U.S. Treasury. In some cases grantees have requested funds too late for the Department to be able to pay the grantees for legitimate costs incurred during their project periods. The Department urges financial managers to regularly monitor requests for payment under their grants to assure that Federal funds are drawn from the ED G5 Payment System at the time those funds are needed for payments to vendors and employees.

III. Personnel (EDGAR §§ 75.511-75.519 and 2 CFR Part 200 Subpart E)

The rules in Part 75 cover issues such as paying consultants with grant funds, waiving the requirement for a full-time project director, making changes in key project staff, and prohibiting dual compensation of staff. General rules governing reimbursement of salaries and compensation for staff working on grant projects are addressed in the cost principles in 2 CFR Part 200 Subpart E. In all cases, payments of any type to personnel must be supported by complete and accurate records of employee time and effort. For those employees that work on multiple functions or separately funded programs or projects, the grantee must also maintain time distribution records to support the allocation of employee salaries among each function and separately funded program or project.

IV. Cost Principles (2 CFR Part 200 Subpart E)

All costs incurred under any grant are subject to the cost principles found in 2 CFR Part 200 Subpart E. The cost principles provide lists of selected items of allowable and unallowable costs, and must be used in determining the allowable costs of work performed under the grant.

V. Procurement Standards (2 CFR Part 200.317-326)

Under 2 CFR Part 200.317, States are required to follow the procurement rules the States have established for purchases funded by non-Federal sources. When procuring goods and services for a grant's purposes, all other grantees may follow their own procurement procedures, but only to the extent that those procedures meet the minimum requirements for procurement specified in the regulations. These requirements include written competition procedures and codes of conduct for grantee staff, as well as requirements for cost and price analysis, record-keeping and contractor compliance with certain Federal laws and regulations. These regulations also require grantees to include certain conditions in contracts and subcontracts, as mandated by the regulations and statutes.

VI. Indirect Costs (EDGAR §§75.560-564 and 2 CFR Part 200.414)

For programs reimbursing the full share of indirect costs (Full reimbursement):

The Department reimburses grantees for its portion of indirect costs that a grantee incurs. Any grantee charging indirect costs to a grant must use the indirect cost rate (**ICR**), negotiated with its *cognizant agency*, i.e., either the Federal agency from which it has received the most direct funding, subject to indirect cost support, the particular agency specifically assigned cognizance by the Office of Management and Budget, or the State agency that provides the most subgrant funds to the grantee.

If a grantee has not established a current ICR with its cognizant agency at the time of award, the Department generally will authorize the grantee to use a temporary rate, of 10 percent of budgeted direct salaries and wages, or a de minimis rate of 10 percent of MTDC consisting of all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subawards and subcontracts up to the first \$25,000 of each subaward (i.e. subgrant) or subcontract.

Use of the temporary rate of 10 percent of budgeted direct salaries and wages is subject to the following limitations:

1. The grantee may only recover indirect cost incurred at the start of the next grant budget period.
2. The grantee may not request additional funds to recover indirect costs. If the grantee believes that the indirect rate recovery is less than it should be, the grantee should submit an indirect cost proposal for the next full fiscal year to the ED Indirect Cost Group for negotiation of an indirect cost rate agreement.

Use of the de minimis rate of 10 percent of MTDC consisting of all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subawards and subcontracts up to the first \$25,000 of each subaward (i.e. subgrant) or subcontract is subject to the following limitations:

1. In accordance with 2 CFR 200.414(f), States, Local Governments and Indian Tribes may not use the de minimis rate; thus, this rate may only be used by institutions of higher education (IHE), and non-profit organizations.
2. Grantees that are subject to ED’s training grant and supplement-not-supplant provisions may not use the de minimis rate.
3. The de minimis rate may be used indefinitely; however, if a qualifying grantee chooses to use the de minimis rate to recover indirect costs, it must do so for all of its Federal awards until such time as the grantee negotiates an ICR with its cognizant agency.
4. Once a grantee obtains a federally recognized ICR that is applicable to its grant, the grantee may use that ICR to claim indirect cost reimbursement accordingly:
 - a. The grantee may only recover indirect cost incurred at the start of the next grant budget period.
 - b. The grantee may not request additional funds to recover indirect costs. If the grantee believes that the indirect rate

recovery is less than it should be, the grantee should submit an indirect cost proposal for the next full fiscal year to the ED Indirect Cost Group for negotiation of an indirect cost rate agreement.

Grantees should be aware that the Department is very often *not* the cognizant agency for its own grantees. Rather, the Department accepts, for the purpose of funding its awards, the current ICR established by the appropriate cognizant agency.

For programs with restricted indirect cost rates (Partial Reimbursement):

The Department has established a *restricted indirect cost rate* that must be used when the statute authorizing the program under which the grant was funded contains a supplement-not-supplant provision that requires a reduction in the indirect cost rate so that costs which are unallowable under these types of programs are not recovered through the indirect cost rate. The detailed requirements of restricted rates are in EDGAR at §§75.563 and 76.563-569.

Guidance on how to calculate the restricted rate is available at: <http://www.ed.gov/about/offices/list/ocfo/fipao/icgindex.html>. The restricted rate should be used in projecting indirect costs.

If the grant is made to a government under a program subject to a supplement-not-supplant requirement, the grantee must notify the cognizant agency that the grant is subject to a restricted indirect cost rate, as calculated under §75.563 and §§76.564-76.569, and negotiate a restricted ICR with the Department (the grantee should ask its cognizant agency to contact the Department's Indirect Cost Group in order to coordinate a review of the restricted indirect cost proposal).

If a grantee other than a State or local government does not want to negotiate a restricted rate with its cognizant agency, the grantee has the option of charging indirect costs at 8% of the Modified Total Direct Costs (MTDC) of its grant for the life of the grant in accordance with EDGAR at §76.564(c), unless the Department determines that the actual restricted ICR is lower than 8% of MTDC¹. If a non-governmental grantee chooses to charge indirect costs at 8% of its MTDC, it must maintain records, available for audit, that demonstrate that the grantee incurs indirect costs of at least 8% of MTDC.

Grantees must bear in mind that items of cost excluded from restricted indirect cost rates may *not* be charged to grants as direct cost items. Nor may they be used to satisfy matching or cost-sharing requirements under a grant or charged to other Federal awards.

For programs that are designated training grants (Limited reimbursement at 8%):

¹ If the grantee gets funds under another grant that is not subject to the restricted indirect cost rate, it will not have the option of not negotiating an ICR.

EDGAR limits reimbursement of indirect costs under training grants to non-governmental grantees. These grantees may recover indirect costs under training grants up to the grantee's actual indirect costs as determined by the grantee's negotiated indirect cost agreement or 8% of modified total direct costs, whichever rate is lower.

Note: This limitation does not apply to State agencies, local governments or Federally-recognized Indian tribal governments. [EDGAR §75.562(c)(2)].

Grantees charging indirect costs to a Department training grant at the 8% rate must have a negotiated rate with their *cognizant agency*, i.e., either the Federal agency from which it has received the most direct funding subject to indirect cost support, the particular agency specifically assigned cognizance by the Office of Management and Budget, or the State agency that provides the most subgrant funds to the grantee. If an applicant selected for funding under this program has not already established a current indirect cost rate with its cognizant agency as a result of current or previous funding, the Department generally will authorize the grantee to use a temporary rate, of 10 percent of budgeted direct salaries and wages.

Use of the temporary rate of 10 percent of budgeted direct salaries and wages is subject to the following limitations:

1. The grantee may only recover indirect cost incurred at the start of the next grant budget period.
2. The grantee may not request additional funds to recover indirect costs. If the grantee believes that the indirect rate recovery is less than it should be, the grantee should submit an indirect cost proposal for the next full fiscal year to the ED Indirect Cost Group for negotiation of an indirect cost rate agreement.

Although grantees are not required to submit, at the time of application, a copy of their indirect cost agreement to claim the 8% training rate, they must have documentation available for audit that shows that the indirect costs incurred under the grant are at least 8% of MTDC.

Grantees should be aware that indirect cost amounts exceeding the limitation, described in the first paragraph of this section, may **not** be charged to direct cost categories, used to satisfy matching or cost-sharing requirements, or charged to another Federal award. [§75.562(c)(5)]

VII. Audit Requirements (2 CFR Part 200 Subpart F)

2 CFR 200 Subpart F requires that grantees obtain a non-Federal audit of their expenditures under their Federal grants if the grantee expends more than \$750,000 in Federal funds in one fiscal year. 2 CFR Part 200 Subpart F contains the requirements imposed on grantees for audits done in connection with the law. The Department recommends hiring auditors who have specific experience in auditing Federal awards under the regulations and the Compliance Supplement.

OTHER CONSIDERATIONS

Some other topics of financial management covered in 2 CFR Part 200 that might affect particular grants include program income (2 CFR Part200.307), cost sharing or matching (2 CFR Part200.306), property management requirements for equipment and other capital expenditures (2 CFR Parts200.313, 200.439).

12/14

ENCLOSURE 2

U.S. DEPARTMENT OF EDUCATION

MEMORANDUM to ED DISCRETIONARY GRANTEES

You are receiving this memorandum to remind you of Federal requirements, found in 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements*, regarding cash drawdowns under your grant account.

For any cash that you draw from your Department of Education grant account, you must:

- draw down only as much cash as is necessary to meet the immediate needs of the grant project;
- keep to the minimum the time between drawing down the funds and paying them out for grant activities; and
- return to the Government the interest earned on grant funds deposited in interest-bearing bank accounts except for a small amount of interest earned each year that your entity is allowed to keep to reimburse itself for administrative expenses).

In order to meet these requirements, you are urged to:

- take into account the need to coordinate the timing of drawdowns with prior internal clearances (e.g., by boards, directors, or other officials) when projecting immediate cash needs so that funds drawn down from ED do not stay in a bank account for extended periods of time while waiting for approval;
- monitor the fiscal activity (drawdowns and payments) under your grant on a continuous basis;
- plan carefully for cash flow in your grant project during the budget period and review project cash requirements before each drawdown; and
- pay out grant funds for project activities as soon as it is practical to do so after receiving cash from the Department.

Keep in mind that the Department monitors cash drawdown activity for all grants on a weekly basis. Department staff will contact grantees who appear to have drawn down excessive amounts of cash under one or more grants during the fiscal quarter to discuss the particular situation. For the purposes of drawdown monitoring, the Department will contact grantees who have drawn down 50% or more of the grant in the first quarter, 80% or more in the second quarter, and/or 100% of the cash in the third quarter of the budget period. However, even amounts less than these thresholds could still represent excessive drawdowns for your particular grant activities in any particular quarter. Grantees determined to have drawn down excessive cash will be required to return the excess funds to the Department, along with any associated earned interest, until such time as the money is legitimately needed to pay for grant activities. If you need assistance with returning funds and interest, please contact ED's G5 Hotline by calling 1-888-336-8930.

Grantees that do not follow Federal cash management requirements and/or consistently appear on the Department's reports of excessive drawdowns could be:

- subjected to specific award conditions or designated as a "high-risk" grantee [2 CFR Part 200.207 and 2 CFR 3474.10], which could mean being placed on a "cash-reimbursement" payment method (i.e., a grantee would experience the inconvenience of having to pay for grant activities with its own money and waiting to be reimbursed by the Department afterwards);
- subject to further corrective action;
- denied selection for funding on future ED grant applications [EDGAR 75.217(d)(3)(ii)]; and/or
- debarred or suspended from receiving future Federal awards from any executive agency of the Federal government.

You are urged to read 2 CFR Part 200.305 to learn more about Federal requirements related to grant payments and to determine how to apply these requirements to any subgrantees. You are urged to make copies of this memorandum and share it with all affected individuals within your organization.

12/2014

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UNITED STATES DEPARTMENT OF EDUCATION

MEMORANDUM

ENCLOSURE 4

DATE: July 12, 2016

TO: Recipients of grants and cooperative agreements

FROM: Tim Soltis 
Delegated the Authority to perform the Duties and Functions of the Chief
Financial Officer

SUBJECT: Department of Education Cash Management Policies for Grants and Cooperative
Agreements

8

The purpose of this memorandum is to remind the Department of Education’s (the Department’s) grant and cooperative agreement recipients (grantees) of existing cash management requirements regarding payments. The Department expects that grantees will ensure that their subgrantees are also aware of these policies by providing relevant information to them.

There are three categories of payment requirements that apply to the draw of funds from grant accounts at the Department. The first two types of payments are subject to the requirements in the Treasury Department regulations implementing the Cash Management Improvement Act (CMIA) of 1990, 31 U.S.C.6513, and the third is subject to the requirements in the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) at 2 CFR part 200,¹ as follows:

- (1) Payments to a State under programs that are covered by a State’s Treasury State Agreement (TSA);
- (2) Payments to States under programs that are not covered by a TSA; and
- (3) Payments to other non-Federal entities, including nonprofit organizations and local governments.

CMIA Requirements Applicable to Programs included in a TSA

Generally, under the Treasury Department regulations implementing the CMIA, only major assistance programs (large-dollar programs) are included in a State’s written TSA. See 31 CFR part 205, subpart A. Programs included in a TSA must use approved funding techniques and both States and the Federal government are subject to interest liabilities for late payments. State interest liabilities accrue from the day federal funds are credited to a State account to the day the State pays out the federal funds for federal assistance program purposes. 31 CFR 205.15. If a

¹ The Department adopted the Uniform Guidance as regulations of the Department at 2 CFR part 3474.

State makes a payment under a Federal assistance program before funds for that payment have been transferred to the State, Federal Government interest liabilities accrue from the date of the State payment until the Federal funds for that payment have been deposited to the State account. 31 CFR 205.14.

CMIA Requirements Applicable to Programs Not Included in a TSA

Payments to States under programs not covered by a State's TSA are subject to subpart B of Treasury's regulations in 31 CFR part 205. These regulations provide that a State must minimize the time between the drawdown of funds from the federal government and their disbursement for approved program activities. The timing and amount of funds transfers must be kept to a minimum and be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs. 31 CFR 205.33(a). States should exercise sound cash management in funds transfers to subgrantees.

Under subpart B, neither the States nor the Department owe interest to the other for late payments. 31 CFR 205.33(b). However, if a State or a Federal agency is consistently late in making payments, Treasury can require the program to be included in the State's TSA. 31 CFR 205.35.

Fund transfer requirements for grantees other than State governments and subgrantees

The transfer of Federal program funds to grantees other than States and to subgrantees are subject to the payment and interest accrual requirements in the Uniform Guidance at 2 CFR 200.305(b). These requirements are similar to those in subpart B of the Treasury Department regulations in 31 CFR part 205, requiring that "payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity." 2 CFR 200.305(b) introduction.

The Federal Government and pass-through entities must make payments in advance of expenditures by grantees and subgrantees if these non-Federal entities maintain, or demonstrates the willingness to maintain, written procedures "that minimize the time elapsing between the transfer of funds and disbursement by the non-Federal entity, and financial management systems that meet the standards for fund control and accountability as established in" 2 CFR 200.305(b). If a grantee or subgrantee cannot meet the criteria for advance payments, a Federal agency or pass-through entity can pay that entity through reimbursement. See 2 CFR 200.305(b)(1) and (4) for more detailed description of the payment requirements and the standards for requiring that payments be made by reimbursement.

Non-Federal entities other than States must maintain advance payments in interest bearing accounts unless certain conditions exist. See 2 CFR 200.305(b)(8) for those conditions. The requirements regarding interest accrual and remittance follow:

- Grantees other than States and subgrantees must annually remit interest earned on federal advance payments except that the non-Federal entity may retain up to \$500 of interest earned on the account each year to pay for the costs of maintaining the account.
- Grantees other than States and subgrantees must remit interest earned on Federal advance payments to the Department of Health and Human Services, Payment Management

System (PMS), through either Automated Clearinghouse (ACH) network or Fedwire. Detailed information about electronic remittance of funds via ACH or Fedwire are specified in 2 CFR 200.305(b)(9)(i) and (ii). For non-Federal entities that do not have electronic remittance capability, checks must be made payable to HHS and addressed to:

U.S. Department of Health and Human Services
Program Support Services
P.O. Box 530231
Atlanta, GA 3035-0231

The remittance should be accompanied by a letter stating that the remittance is for “interest earned on Federal funds” and should include the DUNS number of the non-Federal entity making the payment.

Grantees, including grantees that act as pass-through entities and subgrantees have other responsibilities regarding the use of Federal funds. For example, all grantees and subgrantees must have procedures for determining the allowability of costs for their awards. We highlight the following practices related to the oversight of subgrantee compliance with the financial management requirements in the Uniform Guidance that will assist State grantees (pass-through entities) in meeting their monitoring responsibilities. Under 2 CFR 200.331, pass-through entities must –

- Establish monitoring priorities based on the risks posed by each subgrantee, including risks associated with the drawdown of grant funds and remittance of interest to the Federal Government;
- Monitor the fiscal activity of subgrantees as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

A small number of ED grant programs have program-specific cash management and payment requirements based on the authorizing legislation or program regulations. These program-specific requirements may supplement or override general cash management or payment requirements. If you have any questions about your specific grant, please contact the program officer, whose contact information is on Block 3 of your Grant Award Notification (GAN).

Thank you for your attention to this matter. If you have any questions, please contact Blanca Rodriguez at (202) 245-8153 or blanca.rodriguez@ed.gov

Attachment

**Recipients of ED Grants and Cooperative Agreements
Frequently Asked Questions on
Cash Management**

- Q What are the Federal Laws and Regulations Regarding Payments to the States?**
A The *Cash Management Improvement Act of 1990 (CMIA)* establishes interest liabilities for the Federal and State governments when the Federal Government makes payments to the States. See 31 U.S.C. 3335 and 6503. The implementing regulations are in Title 31 of the Code of Federal Regulations (CFR), Part 205, <http://www.fms.treas.gov/fedreg/31cfr205final.pdf>.
- Q What is a Treasury-State Agreement (TSA)?**
A A TSA documents the accepted funding techniques and methods for calculating interest agreed upon by the U.S. Department of the Treasury (Treasury) and a State. It identifies the Federal assistance programs that are subject to interest liabilities under the CMIA. The CMIA regulations specify a number of different funding techniques that may be used by a State but a State can negotiate with the Treasury Department to establish a different funding technique for a particular program. A TSA is effective until terminated and, if a state does not have a TSA, payments to the State are subject to the default techniques in the regulations that Treasury determines are appropriate.
- Q What are the CMIA requirements for a program subject to a Treasury-State Agreement?**
A Payments to a State under a program of the Department are subject to the interest liability requirements of the CMIA if the program is included in the State's Treasury-State Agreement (TSA) with the Department of Treasury. If the Federal government is late in making a payment to a State, it owes interest to the State from the time the State spent its funds to pay for expenditure until the time the Federal government deposits funds to the State's account to pay for the expenditure. Conversely, if a State is late in making a payment under a program of the Department, the State owes interest to the Federal government from the time the Federal government deposited the funds to the State's account until the State uses those funds to make a payment. For more information, see the recently issued Memorandum from the Chief Financial Officer on Cash Management which is posted on the ed.gov "ED Memoranda to Grantees" page at: <http://www2.ed.gov/policy/fund/guid/gposbul/gposbul.html>
- Q What are the CMIA requirements for a program that is not subject to a Treasury-State Agreement?**
A If a program is not included in the State's TSA, neither the State nor the Federal government are liable for interest for making late payments. However, both the Federal government and the State must minimize the time elapsing between the date the State requests funds and the date that the funds are deposited to the State's accounts. The State is also required to minimize the time elapsed between the date it receives funds from the Federal government and the date it makes a payment under the program. Also, the Department must minimize the amount of funds transferred to a State to only that needed to meet the immediate cash needs of the State. The timing and amount of funds transferred must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs.
- Q What if there is no TSA?**
A When a State does not have a TSA in effect, default procedures in 31 CFR, part 205 that the Treasury Department determines appropriate apply. The default procedures will prescribe efficient funds transfer procedures consistent with State and Federal law and identify the covered Federal assistance programs and designated funding techniques.

Q Who is responsible for Cash Management?

A Grantees and subgrantees that receive grant funds under programs of the Department are responsible for maintaining internal controls regarding the management of Federal program funds under the Uniform Guidance in 2 CFR 200.302 and 200.303. In addition, grantees are responsible for ensuring that subgrantees are aware of the cash management and requirements in 2 CFR part 200, subpart D.

Q Who is responsible for monitoring cash drawdowns to ensure compliance with cash management policies?

A Recipients must monitor their own cash drawdowns **and** those of their subrecipients to assure substantial compliance to the standards of timing and amount of advances.

Q How soon may I draw down funds from the G5 grants management system?

A Grantees are required to minimize the amount of time between the drawdown and the expenditure of funds from their bank accounts. (See 2 CFR 200.305(b).) Funds must be drawn only to meet a grantee's immediate cash needs for each individual grant. The G5 screen displays the following message:

By submitting this payment request, I certify to the best of my knowledge and belief that the request is based on true, complete, and accurate information. I further certify that the expenditures and disbursements made with these funds are for the purposes and objectives set forth in the applicable Federal award or program participation agreement, and that the organization on behalf of which this submission is being made is and will remain in compliance with the terms and conditions of that award or program participation agreement. I am aware that the provision of any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me, and the organization on behalf of which this submission is being made, to criminal, civil, or administrative penalties for fraud, false statements, false claims, or other violations. (U.S. Code Title 18, Section 1001; Title 20, Section 1097; and Title 31, Sections 3729-3730 and 3801-3812)

Q How may I use Federal funds?

A Federal funds must be used as specified in the Grant Award Notification (GAN) and the approved application or State plan for allowable direct costs of the grant and an allocable portion of indirect costs, if authorized.

Q What are the consequences to recipients/subrecipients for not complying with terms of the grant award?

A If a recipient or subrecipient materially fails to comply with any term of an award, whether stated in a Federal statute or regulation, including those in 2 CFR part 200, an assurance, the GAN, or elsewhere, the awarding agency may take one or more of the following actions:

1. Temporarily withhold cash payments pending correction of the deficiency by the non-Federal entity or more severe enforcement action by the Federal awarding agency or pass-through entity.
2. Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity not in compliance.
3. Wholly or partly suspend or terminate the Federal award.
4. Initiate suspension or debarment proceedings as authorized under 2 CFR part 180 and Federal award agency regulations (or in the case of a pass-through be initiated by a Federal awarding agency).
5. Withhold further Federal awards for the project or program.
6. Take other remedies that may be legally available.

Q Who is responsible for determining the amount of interest owed to the Federal government?

A As set forth in 31 CFR 205.9, the method used to calculate and document interest liabilities is included in the State’s TSA. A non-State entity must maintain advances of Federal funds in interest-bearing accounts unless certain limited circumstance apply and remit interest earned on those funds to the Department of Health and Human Services, Payment Management System annually. See 2 CFR 200.305. Also, see the July 6, 2016, memorandum from the Department’s Chief Financial Officer on Department of Education Cash Management Policies for Grants and Cooperative Agreements posted at <http://ww2.ed.gov/policy/fund/guid/gposbul.html>

Q What information should accompany my interest payment?

A Remittances must include pertinent information of the payee and nature of payment in the memo area (often referred to as “addenda records” by Financial Institutions) as that will assist in the timely posting of interest earned on federal funds. Pertinent details include the Payee Account Number (PAN) if the payment originated from PMS, or Agency information if the payment originated from ASAP, NSF or another federal agency payment system. CFR 200.305(b)(9).

Q Are grant recipients/subrecipients automatically permitted to draw funds in advance of the time they need to disburse funds in order to liquidate obligations?

A The payment requirements in 2 CFR 200.305(b) authorize a grantee or subgrantee to request funds in advance of expenditures if certain conditions are met. However, if those conditions are not met, the Department and a pass-through agency may place a payee on reimbursement.

Q For formula grant programs such as ESEA Title I, for which States distribute funds to LEAs, may States choose to pay LEAs on a reimbursement basis?

A A subgrantee must be paid in advance if it meets the standards for advance payments in 2 CFR 200.305(b)(1) but if the subgrantee cannot meet those standards , the State may put the subgrantee on reimbursement payment. See 2 CFR 200.305(b)

Q Will the Department issue special procedures in advance if G5 plans to shut down for 3 days or more?

A Yes, before any shutdown of G5 lasting three days or more, the Department issues special guidance for drawing down funds during the shut down. The guidance will include cash management improvement act procedures for States and certain State institutions of higher education and procedures for grants (including Pell grants) that are not subject to CMIA.

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N. Y. S. DEPARTMENT OF STATE
DIVISION OF CORPORATIONS AND STATE RECORDS

ALBANY, NY 12231-0001

FILING RECEIPT

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ENTITY NAME: DEMOCRACY PREP PUBLIC SCHOOLS INC.

DOCUMENT TYPE: AMENDMENT (DOMESTIC NFP) TYPE: C COUNTY: NEWY
PURPOSES PROCESS NFP TYPE NAME RESTATED

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FILED:09/21/2011 DURATION:***** CASH#:110921000052 FILM #:110921000047

FILER:

ANDREA CHIOVARI
C/O SCHULTE ROTH & ZABEL LLP
919 THIRD AVENUE
NEW YORK, NY 10022

ADDRESS FOR PROCESS:

THE CORPORATION
207 WEST 133RD STREET
NEW YORK, NY 10030

REGISTERED AGENT:



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SERVICE COMPANY: NATIONAL CORPORATE RESEARCH LTD. - 26 SERVICE CODE: 26

FEES	90.00	PAYMENTS	90.00
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FILING	30.00	CASH	0.00
TAX	0.00	CHECK	0.00
CERT	0.00	CHARGE	0.00
COPIES	10.00	DRAWDOWN	90.00
HANDLING	50.00	OPAL	0.00
		REFUND	0.00

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DOS-1025 (04/2007)

STATE OF NEW YORK
DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.

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WITNESS my hand and official seal of the Department of State, at the City of Albany, on September 21, 2011.

A handwritten signature in black ink, appearing to read "D. Shapiro".

Daniel E. Shapiro
First Deputy Secretary of State

NCR-26

110921000 047

**RESTATED CERTIFICATE OF INCORPORATION
OF
DEMOCRACY BUILDERS**

(Pursuant to Section 805 of the Not-for-Profit Corporation Law)

The undersigned, being the Secretary of Democracy Builders, hereby certifies as

follows:

- FIRST:** The name of the corporation is Democracy Builders (the "Corporation").
- SECOND:** The Certificate of Incorporation of the Corporation was filed with the Department of State on August 25, 2005.
- THIRD:** The Corporation was formed under the Not-for-Profit Corporation Law of the State of New York (the "Not-for-Profit Corporation Law").
- FOURTH:** The Corporation is a corporation as defined in subparagraph (a)(5) of Section 102 of the Not-for-Profit Corporation Law.
- FIFTH:** The Corporation is a Type B corporation pursuant to Section 201 of the Not-for-Profit Corporation Law.
- SIXTH:** This Restated Certificate of Incorporation amends and restates the Certificate of Incorporation filed on August 25, 2005 in accordance with Section 805 of the Not-for-Profit Corporation Law by: (a) changing the Corporation's name to Democracy Prep Public Schools Inc.; (b) changing or adding certain provisions relating to the Corporation's purposes; (c) re-classifying the Corporation as a Type C corporation; and (d) changing the address within or without the State of New York to which the Secretary of State of the State of New York shall mail a copy of any process served upon him as agent of the Corporation to 207 West 133rd Street, New York, New York 10030.
- SEVENTH:** This Restated Certificate of Incorporation of the Corporation was authorized by the unanimous written consent of all of the members of the Board of Directors of the Corporation on December 3, 2010.
- EIGHTH:** The Restated Certificate of Incorporation of Democracy Prep Public Schools Inc. (formerly known as Democracy Builders) reads in its entirety as follows:
 - "FIRST:** The name of the corporation is Democracy Prep Public Schools Inc. (the "Corporation").
 - SECOND:** The Corporation is a corporation as defined in subparagraph (a)(5) of Section 102 of the Not-for-Profit Corporation Law of

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the State of New York.

THIRD:

I. The purposes of the Corporation are to exclusively carry out charitable and educational purposes including:

(a) Management of one or more charter schools in the State of New York pursuant to one or more management agreements each entered into with a non-profit entity holding a charter consistent with Article 56 of the Education Law of the State of New York;

(b) Management of one or more charter schools in the State of Rhode Island and Providence Plantations pursuant to one or more management agreements each entered into with a charter school or mayoral academy established and operated in accordance with the General Laws of Rhode Island;

(c) Management of one or more charter schools in any other state or other jurisdiction pursuant to one or more management agreements each entered into with a charter school or other educational organization established and operated in accordance with the laws of such other state or other jurisdiction;

(d) Acquisition, development, maintenance and repair of real property, personal property, assets, other property and other resources of such charter schools;

(e) Development of curricular systems and strategies for such charter schools;

(f) Providing human resources, finance and administrative and other services, properties and resources for such charter schools;

(g) Employment and administration of teachers, staff and other employees of such charter schools and the Corporation;

(h) Recruiting for such charter schools, including the design and implementation of strategies with respect thereto;

(i) Providing any other services to any charter school permitted by the laws of the state or jurisdiction of such charter school;

(j) Financial oversight of salaries, expenses, fees and other expenditures of such charter schools and the Corporation;

(k) Entering into any contracts that the Corporation deems

necessary or advisable to facilitate the achievement of the foregoing purposes;

(l) Raising funds that the Corporation deems necessary or useful to facilitate the achievement of the foregoing purposes by such means as shall from time to time be found appropriate by the Corporation and are lawful for not-for-profit corporations;

(m) Advocacy in coordination with and on behalf of the charter schools subject to all limitations imposed by law on all §501(c)(3) entities; and

(n) All of the things permitted by §202 of the Not-for-Profit Corporation Law of the State of New York necessary and useful to fulfill and promote its purposes; provided, however, that notwithstanding any other provision of this Restated Certificate of Incorporation, the Corporation is organized exclusively for one or more of the following purposes: charitable, scientific, religious, or educational, as specified in §501(c)(3) of the Internal Revenue Code of 1986, as amended from time to time, (the "Code"), and shall not carry on any activities not permitted to be carried on by a corporation exempt from Federal income tax under §501(c)(3) of the Code, such that contributions to the corporation are tax deductible under §170(c)(2) of the Code, §2055(a)(2) of the Code, or §2522(a)(2) of the Code.

II. Nothing herein shall authorize the Corporation, directly or indirectly, to engage in or include among its purposes any of the activities mentioned in §404 of the Not-for-Profit Corporation Law, excluding subparagraph (d).

III. Nothing herein shall authorize the Corporation to operate or maintain a charter school, a nursery school, an elementary school, a secondary school, a college, university or to advertise or offer credit bearing courses or degrees in New York State.

FOURTH The lawful public or quasi-public objectives which each business purpose will achieve are: improvement of civic education and college preparation of students in underserved communities.

FIFTH: The Corporation shall be a Type C corporation pursuant to §201 of the Not-for-Profit Corporation Law.

SIXTH: The office of the Corporation is to be located in the County of New York, State of New York.

SEVENTH: The names and addresses of the initial directors of the Corporation are:

<u>Name</u>	<u>Address</u>
Seth Andrew	300 W. 135 th Street, #7S New York, NY 10030
Brooks Burdette	c/o Schulte Roth & Zabel LLP 919 Third Avenue New York, New York 10022
Helen Morik	3777 Independence Avenue Bronx, New York 10463
Sanjiv Rao	404 West 48th Street, Apt. 1C New York, New York 10036

EIGHTH: The Secretary of State is designated as agent of the Corporation upon whom process against it may be served. The address within or without this State to which the Secretary of State shall mail a copy of any process accepted on behalf of the Corporation is: 207 West 133rd Street, New York, New York 10030.

NINTH: Notwithstanding any other provisions of these articles, the Corporation is organized exclusively for one or more of the purposes as specified in §501(c)(3) of the Code, and shall not carry on any activities not permitted to be carried on by a corporation exempt from Federal income tax under §501(c)(3) of the Code or corresponding provisions of any subsequently enacted Federal tax laws.

No part of the net earnings of the Corporation shall inure to the benefit of any member, trustee, director, officer of the Corporation, or any private individual (except that reasonable compensation may be paid for services rendered to or for the Corporation), and no member, director, trustee, officer of the corporation or any private individual shall be entitled to share in the distribution of any of the Corporation assets on dissolution of the Corporation.

No substantial part of the activities of the Corporation shall be carrying on propaganda, or otherwise attempting to influence legislation (except as otherwise provided in §501(h) of the Code), and the Corporation shall not participate in, or intervene in (including the publication or distribution of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

In the event of dissolution, all of the remaining assets and property of the Corporation shall, after payment of necessary

expenses thereof, be distributed to another organization exempt under §501(c)(3) of the Code, or corresponding provisions of any subsequently enacted Federal tax laws, or to the Federal government, or state or local government for a public purpose, subject to the approval of a Justice of the Supreme Court of the State of New York.

In any taxable year in which the Corporation is a private foundation as described in §509(a) of the Code, the Corporation shall distribute its income for said period at such time and manner as not to subject it to tax under §4942 of the Code, and the Corporation shall not (i) engage in any act of self-dealing as defined in §4941(d) of the Code, retain any excess business holdings as defined in §4943(c) of the Code, (ii) make any investments in such manner as to subject the corporation to tax under §4944 of the Code, or (iii) make any taxable expenditures as defined in §4945(d) of the Code or corresponding provisions of any subsequently enacted Federal tax laws."


Executed this 18th day of May 2011.


Name: Kathryn Stanton
Title: Treasurer

MARTIN SHULMAN

I, _____, a Justice of the Supreme Court of the State of
New York for the FIRST Judicial District do hereby approve of the foregoing
Restated Certificate of Incorporation of Democracy Builders and consent that the same be filed.


Date: JUN 30 2011



J.S.C.

MARTIN SHULMAN

THE ATTORNEY GENERAL HAS NO OBJECTION
TO THE GRANTING OF JUDICIAL APPROVAL
HEREON, ACKNOWLEDGES RECEIPT OF
STATUTORY NOTICE AND DEMANDS SERVICE
OF THE FILED CERTIFICATE. SAID NO OBJECTION
IS CONDITIONED ON SUBMISSION OF THE
MATTER TO THE COURT WITHIN 60 DAYS HEREAFTER.


ASSISTANT ATTORNEY GENERAL DATE
Laura Werner 6/4/11

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STATE OF NEW YORK
THE STATE EDUCATION DEPARTMENT
Albany, New York

**CONSENT TO FILING WITH THE DEPARTMENT OF STATE
(General Use)**

Consent is hereby given to the filing by

Democracy Builders

of the annexed certificate of restatement including a change of name to

Democracy Prep Public Schools Inc.

pursuant to the applicable provisions of the Education Law, the Not-for-Profit Corporation Law, the Business Corporation Law, the Limited Liability Company Law or any other applicable statute.

This consent is issued solely for purposes of filing the annexed document by the Department of State and shall not be construed as approval by the Board of Regents, the Commissioner of Education or the State Education Department of the purposes or objects of such entity, nor shall it be construed as giving the officers or agents of such entity the right to use the name of the Board of Regents, the Commissioner of Education, the University of the State of New York or the State Education Department in its publications or advertising matter.

IN WITNESS WHEREOF this instrument is executed and the seal of the State Education Department is affixed.



JOHN B. KING, JR.
Commissioner of Education

By: Kathleen Marinelli
Kathleen Marinelli
Commissioner's authorized designee

9/15/11
Date

**THIS DOCUMENT IS NOT VALID WITHOUT THE SIGNATURE OF THE
COMMISSIONER'S AUTHORIZED DESIGNEE AND THE OFFICIAL SEAL OF THE
STATE EDUCATION DEPARTMENT.**

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NCR-26

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2011 SEP 20 PM 3:13

RESTATED CERTIFICATE OF INCORPORATION

OF

DEMOCRACY BUILDERS

(Name of Not-for-Profit Corporation)

Under Section 805 of the Not-for-Profit Corporation Law

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Filed by: Andrea Chiovari
(Name)

c/o Schulte Roth & Zabel LLP, 919 Third Avenue
(Mailing Address)

New York, NY 10022
(City, State and Zip Code)

ldc
STATE OF NEW YORK
DEPARTMENT OF STATE
FILED SEP 21 2011
TAXS 9.00
BY: AWD
Newy

2011 SEP 21 AM 9:03

Drawdown

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