

# FUND A SCHOLAR / ARMED FORCES CHILDREN'S EDUCATION FUND <sup>TM</sup>

## Educational Award Policies and Procedures

### I. General

1.1 Purpose. One of the charitable objectives of A Million Thanks, Inc., more specifically through its Armed Forces Children's Education Fund ( "AFCEF") is to provide educational assistance awards for qualified tuition and related expenses within the meaning of Section 117(b)(2) of the Internal Revenue Code of 1986, as amended (the "Code") to children whose parent(s) or legal guardian(s) died on or after October 7, 2001 in the course of their active duties while enlisted, warranted, or commissioned in the United States Army, United States Navy, United States Marine Corps, United States Air Force, United States Coast Guard, the Federated National Guard, or any activated reserve unit thereof. The following procedures, as they may be amended from time to time, shall be interpreted so as to ensure AFCEF's compliance with all applicable requirements of the Internal Revenue Code, any accompanying Treasury Regulations, and guidance from the Internal Revenue Service.

1.2 Scholarships and Grants. AFCEF has established two awards providing educational assistance to such children, namely the War on Terrorism Merit Scholarship (the "Scholarship") and the War on Terrorism Grant (the "Grant") (the Scholarship and the Grant together are referred to herein as the "Award(s)"). In accordance with these policies and procedures, the Awards shall be awarded by AFCEF annually, to the extent (and in the sole discretion of AFCEF) qualifying and deserving applicants exist, and shall be administered on an objective and nondiscriminatory basis.

1.3. Academic Year. An "Academic Year" is defined as the Fall and Spring semesters (or similar trimester periods) during which instruction is normally given by the educational institution. An academic year may also include a summer session, summer semester (or similar trimester period).

1.4 Qualified Tuition. "Qualified Tuition" is defined as qualified tuition and related expenses within the meaning of Section 117(b)(2) of the Code, specifically (a) tuition and fees required for the enrollment or attendance of a student at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on, and (b) fees, books, supplies and equipment required for courses of instruction at such an educational organization.

### II. Eligibility

2.1 General. An applicant whose parent(s) or legal guardian(s) satisfy the service requirement of section 2.2 is eligible to apply for any Award provided that the applicant also satisfies the enrollment requirement of section 2.3 and is not disqualified under section 2.4.

2.2 Service. An applicant's parent(s) or legal guardian(s) must have died in the course of their active duties while enlisted, warranted, or commissioned in the United States Army, United States Navy, United States Marine Corps, United States Air Force, United States Coast Guard, the Federated National Guard, or any activated reserve unit thereof during military operations, as defined by the United States Department of Defense, in connection with the Global War on Terrorism (or any successor campaign thereof), and particularly such related military operations in Afghanistan and Iraq conducted after September 11, 2001.

2.3 Enrollment. An applicant for either Award must be enrolled in, or intend to enroll in, a course of instruction leading to the award of a degree or vocational certification at a postsecondary educational institution described in section 170(b)(1)(A)(ii) of the Code (and thus may not be a for-profit educational institution). The applicant must be a "candidate for degree" at such postsecondary institution, as described in Prop. Regs. § 1.117-6(c)(4). Such postsecondary educational institution must be an organization that normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on. Applicants may not satisfy the enrollment requirement of this section by being enrolled in, or planning to enroll in, a distance, correspondence or on-line course of instruction leading to the award of a degree or vocational certification.

2.4 Disqualified Applicants. Anyone who is an officer or director of A Million Thanks, Inc. (the "Corporation"), or who is a member of the Award Committee or selection committee of AFCEF, or who is an employee of the Corporation, or who is an immediate family member of any of the foregoing individuals, is ineligible to apply for an Award. "Immediate family members" are defined as spouses, parents, grandparents, children, stepchildren, grandchildren and step-grandchildren.

### **III. Application**

3.1 General. (a) In order to be considered for either the Scholarship or the Grant, an applicant must submit a complete application consisting of all applicable items described in sections 3.2 through 3.8 between January 1 and March 31 or between July 1 and September 30 in order to be eligible for award consideration for the following semester. (b) In addition, applicants for the Grant must submit the items described in 3.9, and applicants for the Scholarship must submit the items described in 3.10 during these same windows of time. (c) Applications received by AFCEF during other times or incomplete applications may be either discarded without consideration or considered on a case-by-case basis, at the sole discretion of AFCEF. (d) An application will be deemed complete by AFCEF if it contains all items described in sections 3.2 through 3.8 (as well as the items noted in 3.9 and 3.10, as applicable), and in the case of renewal Scholarship Grant applications, all items described in section 6.2.

3.2 Identifying Information. All applicants must submit their full legal name, social security number, date of birth, current address, and permanent address (if different from the current address) to AFCEF. An applicant must also indicate their state and country of permanent residence. If an applicant is not a United States citizen, then he or she must also submit a photocopy of their passport information and their alien registration card to AFCEF.

3.3. Enrollment Information. All applicants must submit to AFCEF proof of their enrollment in, or intention to enroll in and acceptance in, a course of study leading to the award of a degree or vocational certification at a post-secondary educational institution described in sections 170(b)(1)(A)(ii) of the Code. Such institution must be an educational organization that normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on. A copy of an acceptance letter combined with a written affirmation of an intention to enroll, a current transcript or a current tuition invoice issued by the post-secondary educational institution in which the applicant is enrolled or intends to enroll will be adequate proof.

3.4 Academic Information. All applicants must submit a current copy of their academic transcript from the high school or post-secondary educational institution in which they are enrolled. If the applicant is not currently enrolled in a high school or post-secondary educational institution, then the applicant must submit a complete transcript from the high school or postsecondary education institution in which they were most recently enrolled. The transcript must show the applicant's cumulative grade point average (or other academic marking system), class rank (if available), and must bear the official stamp or seal of the issuing high school or postsecondary educational institution.

3.5 Recommendations. All applicants must submit three written recommendations to AFCEF from individuals who are not members of the applicant's family. At least one recommendation must be from one of the applicant's teachers or professors.

3.6 Essay. All applicants must submit an essay to AFCEF. The essay must be concise (no more than one thousand (1,000) words), but not less than two hundred and fifty (250) words, as measured by the applicable Word processor, and the word count must be clearly displayed. The essay should discuss the applicant's vocational or professional goals and should also discuss any biographical information or personal experiences that the applicant may wish to share with the reviewer(s).

3.7 Service Record. All applicants must submit a certified copy of the United States service record of their parent(s) or legal guardian(s), sufficiently demonstrating that the service requirement found in section 2.2 has been satisfied.

3.8 Additional Requests for Information. AFCEF reserves the right to request additional supporting materials from an applicant as it may deem appropriate in a given circumstance to clarify the applicant's circumstances.

3.9 Additional Grant Applicant Information Required. All applicants for the Grant must provide copies of all financial information and forms submitted to the post-secondary educational institution in which they are enrolled or intend to enroll, including

(but not limited to) a copy of the Applicant's completed Free Application for Federal Student Aid, available at <http://www.fafsa.ed.gov/> (the "FAFSA"). Grant applicants must submit a completed FAFSA to AFCEF even if they have not or do not intend to submit the FAFSA to the educational institution in which they are enrolled or intend to enroll.

3.10 Additional Scholarship Applicant Information Required. All applicants for the Scholarship must provide satisfactory proof of any standardized tests scores, including but not limited to the Scholastic Aptitude Test, the American College Testing examination, Advanced Placement or International Baccalaureate examinations, or tests used by graduate schools (e.g., the LSAT, MCAT, GMAT, etc.). Further, all applicants for the Scholarship must provide information on any extra-curricular activities in the past three (3) years which they would like considered by the reviewer(s).

3.11. Website Application. FUND A SCHOLAR / AFCEF may maintain all application information pertaining to the Awards and any application forms on its website at [www.amillionthanks.org](http://www.amillionthanks.org)

#### **IV. Selection**

4.1 General. AFCEF, in its sole and absolute discretion, shall select among the applicants for an award of the Scholarship and of the Grant. AFCEF shall mail written notification(s) to the successful applicant(s) on or before September 1 of the Academic Year to which the terms of the Scholarship or Grant apply.

4.2 Factors. AFCEF shall limit its consideration to the following information:

- (a) with respect to Grant applicants—financial need, strength of the applicant's recommendations, and the applicant's demonstrated commitment to their community and/or their professional goals; and
- (b) with respect to Scholarship applicants—academic achievement, strength of the applicant's recommendations, standardized test scores, extra-curricular involvement, relative distinction of the applicant from his or her immediate community, demonstration of commitment to their community and/or his or her professional goals.

Except for any review of community achievement in the context of consideration of a Scholarship, AFCEF's consideration of information on behalf of any applicant shall be limited to the information submitted by the applicant in his or her application.

4.3 Prohibited Factors. AFCEF shall not consider such factors as the applicant's (or a relative of the applicant's) race, ethnicity, gender, creed, religion or national origin.

4.4 Additional Prohibition. In addition to the above prohibitions and limitations, if for any other reason the Award Committee believes that a particular Award may be for a purpose that is inconsistent with the purposes described in IRC § 170(c)(2)(B), it shall be rejected.

## **V. Assistance Provided through the Awards**

5.1 Amount. AFCEF, in its sole discretion, may set the amount of the Scholarship or Grant awarded to any successful applicant selected by AFCEF pursuant to section 4.1.

5.2 Payment. Scholarship Grants shall be paid by AFCEF directly to the bursar's office (or other office handling student accounts) of the post-secondary educational institution in which the applicant is enrolled or plans to enroll. Scholarship Grants may only be used to pay for, or may only be applied to, the cost of Qualified Tuition, as defined above.

5.3 Terms.

- (a) The terms of the Award shall be provided by AFCEF in the award letter mailed to the recipient and shall include the applicable terms described in this section 5.3 and the reporting requirements described in section 6.1.
- (b) Recipients of a Grant, or a renewal of a Grant under section 6.2, must maintain an academic grade point average of 2.0 on a 4.0 scale (or the equivalent thereof) for every semester, trimester, summer session (or other similar academic period) to which their Grant applies.
- (c) Recipients of a Scholarship, or a renewal of a Scholarship under section 6.2, must maintain an academic grade point average of 3.0 on a 4.0 scale (or the equivalent thereof) for every semester, trimester, summer session (or other similar academic period) to which their Scholarship applies.
- (d) The terms of any one Award (including a renewal Award) may not extend beyond one Academic Year. In the event a recipient of a Scholarship Grant (or a renewal Scholarship Grant) fails to comply with any of the terms detailed in his or her award letter, including the terms of this section 5.3 and the reporting requirements under section 6.1, AFCEF reserves the right in its sole discretion, to terminate the Award (or renewal Award).
- (e) AFCEF reserves the right to impose additional, minor and reasonable restrictions and/or requirements upon the Awards.

## **VI. Reporting and Renewal**

6.1 Reporting. Recipients of an Award, or a renewal Award under section 6.2, must submit an account statement issued by their educational institution showing all payments and disbursements for any semester, trimester, or summer session (or other similar academic period) in every Academic Year to which their Award relates. Similarly, recipients of an Award (or a renewal Award) must submit an academic transcript issued by their educational institution showing all courses taken and their cumulative grade point average for any semester, trimester, or summer session (or other similar academic period) in every Academic Year to which their Award relates. AFCEF must receive these account statements and transcripts by no later than one calendar month after the last day of each such semester, trimester or summer session (or other similar academic period).

6.2 Renewal. Previous recipients of an Award may apply for a renewal Award. An applicant for a renewal Award must supplement AFCEF's file with any additional information listed in sections 3.1 through 3.10 not presently in AFCEF's files, as applicable, and the information described in section 6.1. A new essay described in section 3.6 must also be submitted, but it must discuss the applicant's progress toward their personal and/or professional goals. Applicants for a renewal Award shall not receive any preference based on their status as having previously received an Award; rather, they will be competitively evaluated by AFCEF against all other applicants. There is no limitation on the number of renewal Awards that any one

## **VII. Reviewers of Applications**

7.1 Status of Reviewers. The Applications received by AFCEF may be reviewed, and any Awards decided by, either the full board of directors, or a subset of the board of directors, or one or more delegated individuals on behalf of AFCEF. These reviewers and decision-makers shall be known as the Award Committee.

7.2. Confidentiality Required. Every member of the Award Committee shall abide by the Corporation's Confidentiality Policy and Procedures, a copy of which is attached hereto. Financial and other personal information reviewed or considered by the Award Committee, as well as their discussions and deliberations, shall be kept strictly confidential.

7.3. Conflicts of Interest to be Avoided. Every member of the Award Committee shall adhere to the Conflict of Interest Policy of the Corporation. Even if not otherwise required under the Conflict of Interest Policy, every member of the Award Committee:

- (a) shall disclose any personal knowledge of and relationship with any applicant under consideration;
- (b) shall refrain from participation in the award process in a circumstance where he or she would derive, directly or indirectly, any private benefit if any potential recipient or recipients are selected over others;
- (c) shall avoid (other than answering factual questions about the process or requesting additional information) any personal contact with the family members of any applicant under consideration; and
- (d) shall avoid any personal contact with a donor who seeks to know about or influence the decisions of the Award Committee.

7.4 Pre-selected Recipients Prohibited. There shall be no tacit agreement or understanding between any donor and any Award Committee member, employee, director, officer, agent, or representative of the Corporation that a particular donation shall result in an Award to any applicant. The Award Committee shall not be informed of, or take into consideration, the desires of any donor when determining Award recipients.

## **VIII. Recordkeeping Requirements for AFCEF**

8.1 Record Retention. AFCEF shall retain all information obtained by it in connection with each Award application, including but not limited to documents used to evaluate the qualifications of potential Award recipients, the identification of recipients of Awards, the amount of each Award, and any additional information AFCEF obtains in complying with these Procedures. Such information shall be retained for no fewer than *three years* after the filing of the Corporation's annual information return for the period in which the last installment of such Award was paid. Information pertaining to unsuccessful applicants for Awards shall be kept along with information on successful applicants.

8.2 Confidentiality Maintained. As previously stated, while AFCEF has such information in its possession, it shall treat such information as confidential, and it shall utilize, transmit, maintain and destroy such information only in accordance with its internal policy regarding confidential information.

## **Appendix A**

Proposed Regs. § 1.117-6(c)(4) reads, in pertinent part:

*Candidate for a degree.* For purposes of this section, a candidate for a degree is—

...

(ii) An undergraduate or graduate student at a college or university who is pursuing studies or conducting research to meet the requirement for an academic or professional degree; or

(iii) A full-time or part-time student at an educational organization described in section 170(b)(1)(A)(ii) that—

(A) Provides an educational program that is acceptable for full credit towards a bachelor's or higher degree, or offers a program of training to prepare students for gainful employment in a recognized occupation, and

(B) Is authorized under Federal or State law to provide such a program and is accredited by a national recognized accreditation agency.

The student may pursue studies or conduct research at an educational organization other than the one conferring the degree provided that such study or research meets the requirements of the educational organization granting the degree.



## **Appendix B**

### FUND A SCHOLAR / AFCEF Confidentiality Policies and Procedures

## **Confidentiality Policy and Procedures**

### **A. General Policy**

All information that is not publicly known concerning donors, former donors, staff, former staff, volunteers, former volunteers, award applicants, award recipients, (“Covered Persons”) including but not limited to financial information, medical information, or other personal information, as well as other business information of the Armed Forces Children’s Education Fund (“AFCEF”) is confidential (“Confidential Information”).

Employees, board members, and committee members are free to discuss Confidential Information with other employees, board members, or committee members, or with professional advisors to AFCEF, if they either already know or have a need to know such information, but they are not permitted to disclose Confidential Information at other times or with other individuals.

AFCEF expects all Covered Persons to respect the privacy of such Confidential Information strictly. General information, policy statements or statistical material that is not identified with any individual or family is not classified as confidential. Staff and volunteers are responsible for maintaining the confidentiality of all Confidential Information.

### **B. Specific Requirements of the Policy**

The operation of the Armed Forces Children’s Education Fund (“AFCEF”) requires the maintenance and management of donor and applicant records. These records may contain sensitive information that has been shared with or developed on a confidential basis. Protecting donor and applicant confidentiality is an essential part of fulfilling AFCEF’s exempt purposes.

1. **Confidentiality of Records:** We will maintain the confidentiality of donor and applicant records, as well as fund information. Records will normally be available to staff as needed to fulfill their duties. AFCEF’s auditors, legal counsel and other contractors are authorized to review donor, applicant, and fund records as required for the purposes for which they are engaged. Other third parties are not to be provided such information.

All persons accessing donor/prospect or fund records in the conduct of AFCEF business shall maintain the confidentiality of said records. Staff may share information with donors, fund beneficiaries, and grantees pertaining to their own gifts, funds, grants, etc. Except in those instances, any copies of Confidential Information shall not be held

outside the office for extended periods, and are to be destroyed as soon as possible.

2. **Publication of Donor Names:** We will not publish identifying information of a donor or the amount of any donor's gift without the permission of the donor. We are required to provide donor information on our Forms 990, Schedule B (as indicated below), but we will not publish that information.

3. **Memorial/Tribute Gifts:** The names of donors of memorial or tribute gifts may be released to the honoree, next of kin, or an appropriate member of the immediate family, unless otherwise specified by the donor. Gift amounts are not to be released without the express consent of the donor.

4. **Anonymous Gifts:** Anonymous gifts to AFCEF may be accepted and the name of the donor and size of the gift may be withheld from the directors, if so requested by the donor.

5. **Confidentiality of AFCEF Business:** Discussions that take place in the context of AFCEF's operations require discretion, including discussions pertaining to grantmaking, personnel issues, development activities, operational fundraising, investment management, etc. The positions or statements of individual board members, advisors, or staff should not be discussed outside of official meetings and processes. The content of AFCEF business, including any documents and the analysis of such documents, should not be discussed or shared outside official meetings and processes.

6. **Discussion of Information:** Confidential Information about donors, applicants, grantees, and their families and friends will not be discussed for any reason except on a need-to-know basis.

7. **Required Disclosures:** AFCEF will comply with all public disclosure requirements, including the open availability of its Forms 990 information returns. This Confidentiality Policy shall not be construed in any manner to prevent AFCEF from disclosing information to taxing authorities or other governmental agencies or courts having regulatory control or jurisdiction over AFCEF. However, all staff, volunteers, and contractors must hold strictly confidential all information of a private nature, including, but not limited to, all items explicitly discussed in this policy.