

For Partners, Members and Stakeholders here's an update on the progress of SCARS Inc.

Subject: Critical Milestone Achieved: Federal Tax Exemption Application (Form 1023) Submitted

Dear Partners and Stakeholders,

We are excited to share a major update on the formation and compliance of Second Chance After Release Services (SCARS). The organization has successfully transitioned from a conceptual project to a fully incorporated and financially transparent entity, with the most critical legal step now complete.

I. Legal and Corporate Foundation (Phase Complete)

We have successfully established SCARS as a legal, non-profit corporate entity ready to serve our community and have maintained all required state filings.

- **Articles of Incorporation Filed:** SCARS is formally registered with the state as a non-profit corporation (incorporated on 11/14/2025). This foundational document includes the required **Purpose Clause** and **Dissolution Clause** compliant with 501(c)(3) standards.
- **Employer Identification Number (EIN) Secured:** We have received our unique federal tax identification number (EIN) from the IRS, which is mandatory for all financial and tax reporting.
- **Statement of Information Filed:** The required initial corporate compliance document, the Statement of Information, has been filed with the state, confirming the organization's officers and address.
- **DBA/Fictitious Business Name:** The organization's public name and branding have been legally registered and published, ensuring local compliance and brand security.
- **Business Website & Domain:** The official domain name has been registered, and development of the public-facing business website is currently underway to facilitate outreach and transparency.

II. Federal Tax Exemption Status (Critical Milestone Achieved)

We have entered the final regulatory phase necessary to become a federally recognized Public Charity.

- **Form 1023 Application Submitted:** The comprehensive application for 501(c)(3) federal tax-exempt status (Form 1023) was officially submitted to the IRS today, along with the payment of the required \$600 user fee.
- **Financial Integrity Confirmed:** The application includes a detailed three-year financial plan, governance policies (including the mandatory **Conflict of Interest Policy**), and specific program descriptions (including **Schedule F for Housing**) to substantiate our charitable mission.
- **Anticipated Status:** We are now in the waiting period for the IRS to issue our official Determination Letter, which will finalize our status as a public charity.

III. Immediate Next Steps (Focus on Operational Readiness)

Our focus now shifts to finalizing internal governance and securing local licensure to begin operations:

1. **Bank Account Opening:** We are preparing to open the official corporate bank account using the new EIN and approved corporate documents.
2. **Board Formalization:** Final voting and formal adoption of the Bylaws and all required governance policies (COI, etc.) will be completed and documented in the official Board meeting minutes.
3. **Local Program Licensing:** We are beginning the process of securing all necessary local **zoning approvals** and facility inspections required to legally operate the transitional housing program.

Thank you for your continued support as we finalize these steps to bring Second Chance After Release Services to life.

Sincerely,

Franz Carter/Founder of (SCARS)