

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

For Paperwork Reduction Act Notice, see page 1 of the instructions.

To be filed in the key district
for the area in which the
organization has its principal
office or place of business.

This application, when properly completed, constitutes the notice required under section 508(a) of the Internal Revenue Code so that an applicant may be treated as described in section 501(c)(3) of the Code, and the notice required under section 508(b) for an organization claiming not to be a private foundation within the meaning of section 509(a). (Read the instructions for each part carefully before making any entries.) If required information, a conformed copy of the organizing and operational documents, or financial data are not furnished, the application will not be considered on its merits and the organization will be notified accordingly. Do not file this application if the applicant has no organizing instrument (see Part II).

Part I Identification

1 Full name of organization New Prospect, Inc.		2 Employer identification number (If none, see instructions) SS-4 Attached	
3a Address (number and street) 177 Prospect Avenue		Check here if applying under section: <input type="checkbox"/> 501(e) <input type="checkbox"/> 501(f) <input type="checkbox"/> 501(k)	
3b City or town, state, and ZIP code Princeton, New Jersey 08540		4 Name and telephone number of person to be contacted Paul Starr 609, 924-6992	
5 Month the annual accounting period ends December	6 Date incorporated or formed February 15, 1989	7 Activity codes 120	
8 Has the organization filed Federal income tax returns or exempt organization information returns? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," state the form number(s), years filed, and Internal Revenue office where filed.			

Part II Type of Entity and Organizational Document (see instructions)

Check the applicable entity box below and attach a conformed copy of the organization's organizing document and bylaws as indicated for each entity.

- Corporation—Articles of incorporation and bylaws. Trust—Trust indenture. Other—Constitution or articles of association and bylaws.

Part III Activities and Operational Information

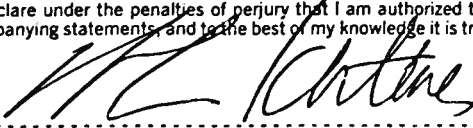
1 What are or will be the organization's sources of financial support? List in order of size.

It is projected that the organization will need support from foundations and other institutional donors for a four or five year period, while subscriptions are solicited. Thereafter, it is hoped that subscription income will be sufficient to support the organization, supplemented by foundation grants for specific projects.

2 Describe the organization's fund-raising program, both actual and planned, and explain to what extent it has been put into effect. (Include details of fund-raising activities such as selective mailings, formation of fund-raising committees, use of professional fund raisers, etc.) Attach representative copies of solicitations for financial support.

Initial fundraising consists of letters and a prospectus (Exhibit 1) distributed to foundations and other potential institutional donors. Beginning in September, 1989 subscription solicitations will be mailed to potential subscribers, and such mailings will continue for at least several years.

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



(Signature)

Vice-President
(Title or authority of signer)

2-17-89
(Date)

Part III Activities and Operational Information (Continued)

- 3** Give a detailed narrative description of the organization's past, present, and proposed future activities, and the purposes for which it was formed. The narrative should identify the specific benefits, services, or products the organization has provided or will provide. If the organization is not fully operational, explain what stage of development its activities have reached, what further steps remain for it to become fully operational, and when such further steps will take place. (Do not state the purposes and activities of the organization in general terms or repeat the language of the organizational documents.) If the organization is a school, hospital, or medical research organization, include enough information in your description to clearly show that the organization meets the definition of that particular activity that is contained in the instructions for Part VI-A.

See Exhibit C.

4 The membership of the organization's governing body is:

a Names, addresses, and titles of officers, directors, trustees, etc.	b Annual compensation
Robert Kuttner 61 Dean Road Brookline, Mass. 02146 Director, Vice-Pres.	- 0 -
Paul Starr 177 Prospect Avenue Princeton, NJ 08540 Director, President	- 0 -
Robert Reich 4 Mercer Circle Cambridge, Mass 02138 Director, Secretary/ Treasurer	- 0 -

Part III Activities and Operational Information (Continued)

4 c Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials? Yes No
If "Yes," name those persons and explain the basis of their selection or appointment.

d Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons?" (See the Specific Instructions for line 4d.) Yes No
If "Yes," explain.

e Have any members of the organization's governing body assigned income or assets to the organization, or is it anticipated that any current or future member of the governing body will assign income or assets to the organization? Yes No
If "Yes," attach a complete explanation stating which applies and including copies of any assignments plus a list of items assigned.

5 Does the organization control or is it controlled by any other organization? Yes No
Is the organization the outgrowth of another organization, or does it have a special relationship to another organization by reason of interlocking directorates or other factors? Yes No
If either of these questions is answered "Yes," explain.

6 Is the organization financially accountable to any other organization? Yes No
If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

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7 a What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken.

None

b To what extent have you used, or do you plan to use, contributions as an endowment fund, i.e., hold contributions to produce income for the support of your exempt activities? No endowment is anticipated.

8 Will any of the organization's facilities be managed by another organization or individual under a contractual agreement? Yes No
If "Yes," attach a copy of each contract and explain the relationship between the applicant and each of the other parties.

Part III Activities and Operational Information (Continued)

9 a Have the recipients been required or will they be required to pay for the organization's benefits, services, or products? Yes No
If "Yes," explain and show how the charges are determined.

Subscription fee - see Exhibits B & C

b Does or will the organization limit its benefits, services, or products to specific classes of individuals? Yes No
If "Yes," explain how the recipients or beneficiaries are or will be selected.

10 Is the organization a membership organization? Yes No
If "Yes," complete the following:

a Describe the organization's membership requirements and attach a schedule of membership fees and dues.

b Describe your present and proposed efforts to attract members, and attach a copy of any descriptive literature or promotional material used for this purpose.

c Are benefits, services, or products limited to members? Yes No
If "No," explain.

11 Does or will the organization engage in activities tending to influence legislation, or intervene in any way in political campaigns? Yes No
If "Yes," explain. (Note: You may wish to file Form 5768, Election/Revocation of Election by an Eligible Section 501(c)(3) Organization to Make Expenditures to Influence Legislation.)

12 Does the organization have a pension plan for employees? Yes No

13 a Are you filing Form 1023 within 15 months from the end of the month in which you were created or formed as required by section 508(a) and the related regulations? (See General Instructions.) Yes No

b If you answer "No," to 13a and you claim that you fit an exception to the notice requirements under section 508(a), attach an explanation of your basis for the claimed exception.

c If you answer "No," to 13a and section 508(a) does apply to you, you may be eligible for relief under regulations section 1.9100 from the application of section 508(a). Do you wish to request relief? Yes No

d If you answer "Yes," to 13c, attach a detailed statement that satisfies the requirements of Rev. Proc. 79-63.

e If you answer "No," to both 13a and 13c and section 508(a) does apply to you, your qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed with your key District Director. Therefore, do you want us to consider your application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date you were formed (see instructions)? Yes No

Part IV Statement as to Private Foundation Status (see Instructions)

1 Is the organization a private foundation? Yes No

2 If you answer "Yes," to question 1 and the organization claims to be a private operating foundation, check here and complete Part VII.

3 If you answer "No," to question 1, indicate the type of ruling you are requesting regarding the organization's status under section 509 by checking the box(es) below that apply:

a Definitive ruling under section 509(a)(1), (2), (3), or (4) Complete Part VI.

b Advance ruling under sections 509(a)(1) and 170(b)(1)(A)(vi) or section 509(a)(2)—see instructions.

(Note: If you want an advance ruling, you must complete and attach two Forms 872-C to the application.)

Part V Financial Data See Exhibit D
Statement of Support, Revenue, and Expenses for the period beginning _____, 19____, **and ending** _____, 19_____.

Note: Complete the financial statements for the current year and for each of the three years immediately before it. If in existence less than four years, complete the statements for each year in existence. If in existence less than one year, also provide proposed budgets for the two years following the current year.

Support and Revenue	1 Gross contributions, gifts, grants, and similar amounts received	1	
	2 Gross dues and assessments of members	2	
	3 a Gross amounts derived from activities related to organization's exempt purpose (attach schedule)		
	b Minus cost of sales	3c	
	4 a Gross amounts from unrelated business activities (attach schedule)		
	b Minus cost of sales	4c	
	5 a Gross amount received from sale of assets, excluding inventory items (attach schedule)		
	b Minus cost or other basis and sales expenses of assets sold	5c	
6 Investment income (see instructions)	6		
7 Other revenue (attach schedule)	7		
8 Total support and revenue	8		
Expenses	9 Fundraising expenses	9	
	10 Contributions, gifts, grants, and similar amounts paid (attach schedule)	10	
	11 Disbursements to or for benefit of members (attach schedule)	11	
	12 Compensation of officers, directors, and trustees (attach schedule)	12	
	13 Other salaries and wages	13	
	14 Interest	14	
	15 Rent	15	
	16 Depreciation and depletion	16	
	17 Other (attach schedule)	17	
	18 Total expenses	18	
	19 Excess of support and revenue over expenses (line 8 minus line 18)	19	
Balance Sheet (at the end of the period shown above)			
Assets			
20 Cash: a Interest bearing accounts		20a	
b Other		20b	
21 Accounts receivable, net		21	
22 Inventories		22	
23 Bonds and notes (attach schedule)		23	
24 Corporate stocks (attach schedule)		24	
25 Mortgage loans (attach schedule)		25	
26 Other investments (attach schedule)		26	
27 Depreciable and depletable assets (attach schedule)		27	
28 Land		28	
29 Other assets (attach schedule)		29	
30 Total assets.		30	
Liabilities			
31 Accounts payable		31	
32 Contributions, gifts, grants, etc., payable		32	
33 Mortgages and notes payable (attach schedule)		33	
34 Other liabilities (attach schedule)		34	
35 Total liabilities.		35	
Fund Balances or Net Worth			
36 Total fund balances or net worth		36	
37 Total liabilities and fund balances or net worth (line 35 plus line 36)		37	

If there has been any substantial change in any aspect of your financial activities since the period shown above ended, check the box and attach a detailed explanation

Part VI Non-Private Foundation Status (Definitive ruling only) Not Applicable

A.—Basis for Non-Private Foundation Status (Check one of the boxes below.)

The organization is not a private foundation because it qualifies as:

	✓	Kind of organization	Within the meaning of	Complete
1		a church or a convention or association of churches	Sections 509(a)(1) and 170(b)(1)(A)(i)	
2		a school	Sections 509(a)(1) and 170(b)(1)(A)(ii)	
3		a hospital or a cooperative hospital service organization or a medical research organization operated in conjunction with a hospital	Sections 509(a)(1) and 170(b)(1)(A)(iii)	
4		a governmental unit described in section 170(c)(1)	Sections 509(a)(1) and 170(b)(1)(A)(v)	
5		being organized and operated exclusively for testing for public safety	Section 509(a)(4)	
6		being operated for the benefit of a college or university that is owned or operated by a governmental unit	Sections 509(a)(1) and 170(b)(1)(A)(iv)	Part VI.—B
7		normally receiving a substantial part of its support from a governmental unit or from the general public	Sections 509(a)(1) and 170(b)(1)(A)(vi)	Part VI.—B
8		normally receiving not more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions)	Section 509(a)(2)	Part VI.—B
9		being operated solely for the benefit of or in connection with one or more of the organizations described in 1 through 4, or 6, 7, and 8 above	Section 509(a)(3)	Part VI.—C

B.—Analysis of Financial Support (Complete if you checked box 6, 7, or 8 above.)

	(a) Most recent tax year	(Years next preceding most recent tax year)			(e) Total
	19	(b) 19	(c) 19	(d) 19	
1 Gifts, grants, and contributions received					
2 Membership fees received					
3 Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity that is not an unrelated business within the meaning of section 513					
4 Gross investment income (see instructions for definition)					
5 Net income from organization's unrelated business activities not included on line 4					
6 Tax revenues levied for and either paid to or spent on behalf of the organization					
7 Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge)					
8 Other income (not including gain or loss from sale of capital assets)—attach schedule					
9 Total of lines 1 through 8					
10 Line 9 minus line 3					
11 Enter 2% of line 10, column (e) only					

12 If the organization has received any unusual grants during any of the above tax years, attach a list for each year showing the name of the contributor, the date and amount of grant, and a brief description of the nature of such grant. Do not include such grants on line 1 above—(See instructions).

Part VI Non-Private Foundation Status (Definitive ruling only) (Continued) Not applicable

B.—Analysis of Financial Support (Continued)

13 If the organization's non-private foundation status is based on:

- a** Sections 509(a)(1) and 170(b)(1)(A)(iv) or (vi).—Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts for the entire period were more than the amount shown on line 11.
- b** Section 509(a)(2).—For each of the years included on lines 1, 2, and 3, attach a list showing the name of and amount received from each person who is a "disqualified person."

For each of the years on line 3, attach a list showing the name of and amount received from each payor (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payor" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

C.—Supplemental Information Concerning Organizations Claiming Non-Private Foundation Status Under Section 509(a)(3)

1 Organizations supported by applicant organization:	Has the supported organization received a ruling or determination letter that it is not a private foundation by reason of section 509(a)(1) or (2)?
Name and address of supported organization	
.....	<input type="checkbox"/> Yes <input type="checkbox"/> No
.....	<input type="checkbox"/> Yes <input type="checkbox"/> No
.....	<input type="checkbox"/> Yes <input type="checkbox"/> No
.....	<input type="checkbox"/> Yes <input type="checkbox"/> No
.....	<input type="checkbox"/> Yes <input type="checkbox"/> No

2 To what extent are the members of your governing board elected or appointed by the supported organization(s)?

3 What is the extent of common supervision or control that you and the supported organization(s) share?

4 To what extent do(es) the supported organization(s) have a significant voice in your investment policies, the making and timing of grants, and in otherwise directing the use of your income or assets?

5 Does the mentioning of the supported organization(s) in your governing instrument make you a trust that the supported organization(s) can enforce under State law and compel to make an accounting? Yes No
If "Yes," explain.

6 What portion of your income do you pay to each supported organization and how significant is the support to each?

7 To what extent do you conduct activities that would otherwise be carried out by the supported organization(s)? Explain why these activities would otherwise be carried on by the supported organization(s).

8 Is the applicant organization controlled directly or indirectly by one or more "disqualified persons" (other than one who is a disqualified person solely because he or she is a manager) or by an organization which is not described in section 509(a)(1) or (2)? Yes No
If "Yes," explain.

Part VII Basis for Status as a Private Operating Foundation Not applicable

If the organization claims to be an operating foundation described in section 4942(j)(3) and—

- (a) bases its claim to private operating foundation status on normal and regular operations over a period of years; or
- (b) is newly created, set up as a private operating foundation, and has at least one year's experience;

provide the information under the income test and under one of the three supplemental tests (assets, endowment, or support). If the organization does not have at least one year's experience, complete line 21. If the organization's private operating foundation status depends on its normal and regular operations as described in (a) above, attach a schedule similar to the one below showing the data in tabular form for the three years next preceding the most recent tax year. (See regulations section 53.4942(b)-1 for additional information before completing the "Income Test" section of Part VII.) Organizations claiming section 4942(j)(5) status must satisfy the income test and the endowment test.

Income Test	Most recent tax year	
1a Adjusted net income, as defined in regulations section 53.4942(a)-2(d)	1a	
b Minimum investment return, as defined in regulations section 53.4942(a)-2(c)	1b	
2 Qualifying distributions:		
a Amounts (including administrative expenses) paid directly for the active conduct of the activities for which organized and operated under section 501(c)(3) (attach schedule)	2a	
b Amounts paid to acquire assets to be used (or held for use) directly in carrying out purposes described in sections 170(c)(1) or 170(c)(2)(B) (attach schedule)	2b	
c Amounts set aside for specific projects that are for purposes described in section 170(c)(1) or 170(c)(2)(B) (attach schedule)	2c	
d Total qualifying distributions (add lines 2a, b, and c)	2d	
3 Percentages:		
a Percentage of qualifying distributions to adjusted net income (divide line 2d by line 1a)	3a	%
b Percentage of qualifying distributions to minimum investment return (divide line 2d by line 1b) (Percentage must be at least 85% for 3a or 3b)	3b	%
Assets Test		
4 Value of organization's assets used in activities that directly carry out the exempt purposes. Do not include assets held merely for investment or production of income (attach schedule)	4	
5 Value of any stock of a corporation that is controlled by applicant organization and carries out its exempt purposes (attach statement describing corporation)	5	
6 Value of all qualifying assets (add lines 4 and 5)	6	
7 Value of applicant organization's total assets	7	
8 Percentage of qualifying assets to total assets (divide line 6 by line 7—percentage must exceed 65%)	8	%
Endowment Test		
9 Value of assets not used (or held for use) directly in carrying out exempt purposes:		
a Monthly average of investment securities at fair market value	9a	
b Monthly average of cash balances	9b	
c Fair market value of all other investment property (attach schedule)	9c	
d Total (add lines 9a, b, and c)	9d	
10 Subtract acquisition indebtedness related to line 9 items (attach schedule)	10	
11 Balance (subtract line 10 from line 9d)	11	
12 Multiply line 11 by 3 1/3% (3% of the percentage for the minimum investment return computation under section 4942(e)). Line 2d above must equal or exceed the result of this computation.	12	
Support Test		
13 Applicant organization's support as defined in section 509(d)	13	
14 Subtract amount of gross investment income as defined in section 509(e)	14	
15 Support for purposes of section 4942(j)(3)(B)(iii) (subtract line 14 from line 13)	15	
16 Support received from the general public, five or more exempt organizations, or a combination of these sources (attach schedule)	16	
17 For persons (other than exempt organizations) contributing more than 1% of line 15, enter the total amounts that are more than 1% of line 15	17	
18 Subtract line 17 from line 16	18	
19 Percentage of total support (divide line 18 by line 15—must be at least 85%)	19	%
20 Does line 16 include support from an exempt organization that is more than 25% of the amount of line 15?		<input type="checkbox"/> Yes <input type="checkbox"/> No
21 Newly created organizations with less than one year's experience: Attach a statement explaining how the organization is planning to satisfy the requirements of section 4942(j)(3) for the income test and one of the supplemental tests during its first year's operation. Include a description of plans and arrangements, press clippings, public announcements, solicitations for funds, etc.		

Part VIII Required Schedules for Special Activities	If "Yes," check here	And complete schedule
1 Is the organization, or any part of it, a school?	Not applicable	A
2 Does the organization provide or administer any scholarship benefits, student aid, etc.?		B
3 Has the organization taken over, or will it take over, the facilities of a "for profit" institution?		C
4 Is the organization, or any part of it, a hospital or medical research organization?		D
5 Is the organization, or any part of it, a home for the aged?		E
6 Is the organization, or any part of it, a litigating organization (public interest law firm or similar organization)?		F
7 Is the organization, or any part of it, formed to promote amateur sports competition?		G

Schedule A.—Schools, Colleges, and Universities

1 Is the organization an instrumentality of a State or political subdivision of a State? Yes No
 If "Yes," document this in Part III and do not complete items 2 through 9 of this schedule. (See instructions for Schedule A.)

2 Does or will the organization. (or any department or division within it) discriminate in any way on the basis of race with respect to:

a Admissions? Yes No

b Use of facilities or exercise of student privileges? Yes No

c Faculty or administrative staff? Yes No

d Scholarship or loan program? Yes No

If "Yes," for any of the above, explain.

3 Does the organization include a statement in its charter, bylaws, or other governing instrument, or in a resolution of its governing body, that it has a racially nondiscriminatory policy as to students? Yes No
 Attach whatever corporate resolutions or other official statements the organization has made on this subject.

4 a Has the organization made its racially nondiscriminatory policies known in a manner that brings the policies to the attention of all segments of the general community which it serves? Yes No
 If "Yes," describe how these policies have been publicized and state the frequency with which relevant notices or announcements have been made. If no newspaper or broadcast media notices have been used, explain.

b If applicable, attach clippings of any relevant newspaper notices or advertising, or copies of tapes or scripts used for media broadcasts. Also attach copies of brochures and catalogues dealing with student admissions, programs, and scholarships, as well as representative copies of all written advertising used as a means of informing prospective students of your programs.

5 Attach a numerical schedule showing the racial composition, as of the current academic year, and projected as far as may be feasible for the next academic year, of: (a) the student body, (b) the faculty and administrative staff.

6 Attach a list showing the amount of any scholarship and loan funds awarded to students enrolled and the racial composition of the students who have received the awards.

7 a Attach a list of the organization's incorporators, founders, board members, and donors of land or buildings, whether individuals or organizations.

b State whether any of the organizations listed in a have as an objective the maintenance of segregated public or private school education, and, if so, whether any of the individuals listed in a are officers or active members of such organizations.

8 Indicate the public school district and county in which the organization is located.

9 Has the organization ever been determined by a State or Federal administrative agency or judicial body to be racially discriminatory? Yes No
 If "Yes," attach a detailed explanation identifying the parties to the suit, the forum in which the case was heard, the cause of action, the holding in the case, and the citations (if any) for the case. Also describe in detail what changes in your operation, if any, have occurred since then.

Schedule B.—Organizations Providing Scholarship Benefits, Student Aid, etc. to Individuals

1 a Describe the nature of the scholarship benefit, student aid, etc., including the terms and conditions governing its use, whether a gift or a loan, and the amount. If the organization has established or will establish several categories of scholarship benefits, identify each kind of benefit and explain how the organization determines the recipients for each category. Attach a sample copy of any application the organization requires or will require of individuals to be considered for scholarship grants, loans, or similar benefits. (Private foundations that make grants for travel, study or other similar purposes are required to obtain advance approval of scholarship procedures. See regulations sections 53.4945-4(c) and (d).)

b If you want this application considered as a request for approval of grant procedures in the event we determine that you are a private foundation, check here

2 What limitations or restrictions are there on the class of individuals who are eligible recipients? Specifically explain whether there are, or will be, any restrictions or limitations in the selection procedures based upon race and whether there are, or will be, restrictions or limitations in selection procedures based on the employment status of the prospective recipient or any relative of the prospective recipient. Also indicate the approximate number of eligible individuals.

3 Indicate the number of grants you anticipate making annually

4 List the names, addresses, duties, and relevant background of the members of your selection committee. If you base your selections in any way on the employment status of the applicant or any relative of the applicant, indicate whether there is or has been any direct or indirect relationship between the members of the selection committee and the employer. Also indicate whether relatives of the members of the selection committee are possible recipients or have been recipients.

5 Describe any procedures you have for supervising grants (such as obtaining reports or transcripts) that you award, and any procedures you have for taking action if the terms of the grant are violated.

SCHEDULE C.—Successors to "For Profit" Institutions

1 What was the name of the predecessor organization and the nature of its activities?

2 Who were the owners or principal stockholders of the predecessor organization? (If more space is needed, attach schedule.)

Name and address	Share or interest
.....	
.....	
.....	
.....	
.....	
.....	

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