

ALABAMA DEPARTMENT OF REVENUE
INSTRUCTIONS FOR THE PREPARATION OF
Scholarship Granting Organization
Annual Report

2014

General Information

Act 2013-64, as amended by Act 2013-265, provides for Scholarship Granting Organizations (SGO) to report certain information in connection with its scholarship grants.

When To File

ORIGINAL DUE DATE. The annual report for calendar year 2014 is due on or before June 1, 2015. If the due date falls on a Saturday, Sunday, or state holiday, the return will be due the following business day.

How To File

REQUIRED ATTACHMENTS. All sections of this form must be completed and all required attachments attached to be considered to be a properly filed return. Act 2013-64, as amended by Act 2013-265 and Rule 810-3-61-.04, require the SGO to attach certain documentation to the annual report. The following are required: 1) A financial report prepared by a certified public accountant, 2) Federal Form 990, Return of Organization Exempt from Income Tax, and 3) A description of the action taken if the SGO has received any complaints of discrimination.

Signature

OFFICER INFORMATION. The return must be signed by the principal officer of the SGO. Enter the date signed and the title of the person whose signature is affixed.

PREPARER INFORMATION. The annual report must be prepared and signed by a certified public accountant. (CPA).

Where To File

Mail this completed form and attachment to: Alabama Department of Revenue, ATTN: Educational Scholarship Program, P.O. Box 327010, Montgomery, AL 36132-7010.

If you have any questions pertaining to the administration of this form or related to the Educational Scholarship Program in general, please contact the Alabama Department of Revenue at (334) 242-1099 or (334) 353-9770. More information on the Accountability Act can be found at <http://www.revenue.alabama.gov/accountability/>.

Specific Instructions

Section I – Scholarship Granting Organization (SGO) Information

At the top, fill in the blanks indicating the beginning date of the reporting period for the annual report.

Enter the name, federal employer identification number, mailing address, telephone number and email address of the SGO.

Section II – Donation Information

LINE 1. Enter the total number of donations received during the report year. The total number of donations received should match the number of individual donors verified and entered into My Alabama Taxes as required by Rule 810-3-61-.04.

LINE 2. Enter the total amount of donations received during the report year. The total amount of donations received should match the amount received from donors verified and entered for this report year into My Alabama Taxes as required by Rule 810-3-61-.04.

NOTE: Attachment 1 – Scholarship Information by Student needs to be completed before beginning Section III.

Attachment 1 – Scholarship Information by Student

You may use as many copies of the Attachment 1 as necessary but enter the summary information for all the forms on the Attachment 1, Page 1, lines 18 and 19.

COLUMN A. Enter the name of the student that was awarded a scholarship during the report year.

COLUMN B. Enter the social security number (SSN) of the student listed in column A.

COLUMN C. Enter the name of the public school that the student listed in column A would otherwise attend.

COLUMN D. If the school listed in column C was a failing school, enter "Y" for Yes. If the school listed in column C was not a failing school, enter "N" for No.

COLUMN E. Enter the name of the school attended in the prior school year.

COLUMN F. If the school listed in column E was a public school, enter "Y" for Yes. If the school listed in column E was not a public school, enter "N" for No.

COLUMN G. Enter the date that the educational scholarship was awarded for the current year.

COLUMN H. Enter the name of the school that received scholarship funds for the student listed in column A. This school must be in Alabama.

COLUMN I. Enter the county where the scholarship school listed in column H is located.

COLUMN J. Enter the dates of the first academic year which the student listed in column A was awarded an educational scholarship under the tax credit program. If the first-time scholarship was given by another SGO, please enter the name of the other SGO.

COLUMN K. Check the box if the student listed in column A was a first-time recipient of an educational scholarship this report year.

NOTE: Columns L, M and N are only applicable for a first-time educational scholarship recipient.

Previous school year is defined under Rule 810-3-61-.01(4) as the normal academic year ending during the calendar year for which the report is submitted. If, however, an educational scholarship is granted for a period beginning other than the fall term of an academic year, the prior school year shall mean the twelve month period immediately preceding the period for which the educational scholarship is granted.

COLUMN L. Check the box if the student listed in column A was continuously enrolled in a public school for the entire previous school year. *If the student attended a private school for a portion of the previous school year or was not of school age, this box should not be checked.*

COLUMN M. Check the box if the student listed in column A was continuously enrolled in a private school for the entire previous school year. *If the student attended a public school for a portion of the previous school year or was not of school age, this box should not be checked.*

COLUMN N. Check the box if columns L and M do not apply. This box should be checked if the student listed in column A was enrolled in a public school as well as a private school for the portion for the previous school year or if the student was less than school age during the prior school year.

COLUMN O. Check the box if income eligibility documentation was received for the student listed in column A. If no income eligibility documentation was received, then leave blank. Income eligibility documentation must be received for all educational scholarship recipients.

ents in the first year that they receive an educational scholarship. For a low-income eligible student, income eligibility documentation must be received each year.

COLUMN P. Check the box if the student listed in column A is a low-income eligible student for which documentation of family income is maintained as required in Rule 810-3-61-.04. If the student was not a low-income eligible student and/or documentation was not maintained, then leave blank.

Low-income eligible student is defined by Act 2013-64, as amended by Act 2013-265 and by Rule 810-3-61-.04 as a student of a family with income equal to or less than two times the federal poverty level. The SGO must receive and maintain documentation of the amount of the student's family income for the calendar year proceeding the school year in which the educational scholarship is granted for the student to be considered a low-income eligible student. Example: If you are awarding a scholarship for the school year (2014 – 2015), then the income documentation should be based on the calendar year 2013. Any student for whom the family income documentation is not maintained will not be considered a low-income eligible student for purposes of determining the percentage of scholarship grants awarded to low-income eligible students.

COLUMN Q. Check the box if the student listed in column A qualified for the federal free or reduced lunch program. If the student did not qualify for the federal free and reduced lunch program, then leave the box blank.

COLUMN R. Enter the amount of the educational scholarship awarded to the student listed in column A during the report year.

LINE 16.

COLUMN K. – Enter the total number of students awarded educational scholarships that checked column K for each page. This line should be completed for each additional page attached.

COLUMN L. – Enter the total number of students awarded educational scholarships that checked column L for each page. This line should be completed for each additional page attached.

COLUMN M. – Enter the total number of students awarded educational scholarships that checked column M for each page. This line should be completed for each additional page attached.

COLUMN N. – Enter the total number of students awarded educational scholarships that checked column N for each page. This line should be completed for each additional page attached.

LINE 17a. Summary – Total Number of Students Awarded Educational Scholarships for Each Page. Enter the total number of students awarded educational scholarships for each page. This line should be completed for each additional page attached.

LINE 17b. Summary – Total Amount of Educational Scholarships Awarded for Each Page. Enter the total amount of educational scholarships awarded for each page. This line should be completed for each additional page attached.

LINES 18 AND 19 SHOULD ONLY BE COMPLETED ON PAGE 1 OF ATTACHMENT 1 – SCHOLARSHIP INFORMATION BY STUDENT.

LINE 18.

COLUMN K. – Enter the total number of students awarded educational scholarships (line 16, column K) for all attached pages. **Do not complete this line on any additional pages.**

COLUMN L. – Enter the total number of students awarded educational scholarships (line 16, column L) for all attached pages. **Do not complete this line on any additional pages.**

COLUMN M. – Enter the total number of students awarded educational scholarships (line 16, column M) for all attached pages. **Do not complete this line on any additional pages.**

COLUMN N. – Enter the total number of students awarded educational scholarships (line 16, column N) for all attached pages. **Do not complete this line on any additional pages.**

LINE 19a. Summary – Total Number of Students Awarded Educational Scholarships for All Pages. Enter the total number of

students awarded educational scholarships (line 17a) for all attached pages. Also, enter this amount on page 1, Section III, line 1. **Do not complete this line on any additional pages.**

LINE 19b. Summary – Total Amount of Educational Scholarships Awarded for All Pages. Enter the total amount of educational scholarships awarded (line 17b) for all attached pages. Also, enter this amount on page 1, Section III, line 2. **Do not complete this line on any additional pages.**

Section III – Scholarship Information

TOTAL EDUCATIONAL SCHOLARSHIPS AWARDED (ACTUALLY PAID OUT)

LINE 1. Enter the total number of educational scholarships awarded. Enter the amount shown on Attachment 1, page 1, line 19a.

LINE 2. Enter the total amount of educational scholarships awarded. Enter the amount shown on Attachment 1, page 1, line 19b.

MAJORITY OF EDUCATIONAL SCHOLARSHIPS AWARDED

LINE 3. Enter the name of the county in which the majority of educational scholarship funds were expended this report year.

LINE 4. Enter the total number of scholarship funds awarded in the county listed on line 3.

LINE 5. Enter the percentage of low-income eligible students in the county listed on line 3.

Determining the Percentage of Low-Income Eligible Students.

The SGO is required by Act 2013-64, as amended by Act 2013-265 and by Rule 810-3-61-.04, to determine the percentage of low-income eligible students in the county where the SGO expends the majority of its scholarship funds. In determining the percentage of low-income eligible students in a county, a SGO may use the percentage of students in the county's school system that qualify for the free or reduced price school lunch program as published and made available by the Alabama Department of Education as of the beginning of the calendar year for which the percentage will be used.

The SGO may choose to make a more accurate determination of the percentage of low-income eligible students in the county by submitting the documentation and calculation with the annual report. This determination is subject to the Department's approval. The department may recalculate the amounts reported on the SGO's annual report based on the percentage of students qualifying for the free or reduced price lunch program in the county's school system, if the SGO's documentation is determined to be unreasonable or invalid.

LINE 6. Enter the total amount of scholarship funds awarded to all low-income eligible students.

LINE 7. Percentage of total scholarship funds awarded to all low-income eligible students. Divide line 6 by line 2 and enter on line 7.

FIRST-TIME RECIPIENTS

LINE 8. Total number of first-time scholarship recipients. Enter the total number of students from Attachment 1, page 1, line 18, Column K.

LINE 9. Total number of first-time scholarship recipients that were continuously enrolled in a public school for the entire previous school year. Enter the total number of students from the Attachment 1, page 1, line 18, Column L.

LINE 10. Percentage of first-time scholarship recipients continuously enrolled in a public school for the entire previous school year. Divide line 9 by line 8.

LINE 11. Total number of first-time scholarship recipients that were continuously enrolled in a private school for the entire previous school year. Enter the total number of students from Attachment 1, page 1, line 18, Column M.

LINE 12. Percentage of first-time scholarship recipients continuously enrolled in a public school for the entire previous school year. Divide line 11 by line 8.

LINE 13. Percentage of first-time scholarship recipients *not* continuously enrolled in a private school for the entire previous

school year. Subtract line 12 from 100%. (100% - line 12).

Section IV – Reconciliation of Scholarship Funds

Unaccounted for scholarship funds is the amount of scholarship funds which have not been paid out, promised or otherwise committed for a particular student.

LINE 1a. Enter the scholarship funds on hand at the beginning of the report year.

LINE 1b. Enter the amount of commitments for the remainder of the school year as of the beginning of the report year. This amount includes scholarship funds which have been promised or otherwise committed for a particular student but have not been paid.

LINE 1c. Unaccounted for scholarship funds at the beginning of the report year. Subtract line 1b from line 1a.

LINE 2. Enter the interest and revenue from investment of scholarship funds received during the report year.

LINE 3. Scholarship donations received during the year. Do not include in this amount any donations received from other sources or non-eligible tax credit donations. Enter the amount from Section II, line 2.

LINE 4. Actual scholarship grants paid during the year. Enter the amount from Section III, line 2.

LINE 5. Enter the amount of allowable non-scholarship expenditures made during the year. **This amount cannot be greater than five percent of the scholarship funds received during the year.**

LINE 6a. Scholarship funds on hand at the end of the report year. Add Section IV, lines 1a, 2 and 3 and subtract lines 4 and 5.

LINE 6b. Enter the amount of commitments for the remainder of the school year as of the end of the report year. This amount includes scholarship funds which have been promised or otherwise committed for a particular student but have not been paid.

LINE 6c. Unaccounted for scholarship funds at the end of the report year. Subtract line 6b from line 6a.

Section V – Summary of Compliance With Eligibility Requirements

Act 2013-64, as amended by Act 2013-265, establishes certain requirements for the operation of SGOs. The Acts also authorize the department to bar an SGO from participating in the Tax Credit Scholarship Program if the department establishes that the SGO has intentionally and substantially failed to comply with the requirements of the program. This section needs to be completed based on the information reported elsewhere in the annual report. Please check "Yes" if the eligibility requirement has been met and check "No" if the requirement has not been met. If "No" is checked for any of these compliance questions, documentation may be attached explaining any extraordinary circumstances preventing the requirement from being met.

LINE 1. Low-Income Eligible Recipients Requirement. Act 2013-64, as amended by Act 2013-265 requires that SGOs spend each year a portion of their expenditures on educational scholarships for low-income eligible students equal to the percentage of low-income eligible students in the county where the scholarship granting organization expends the majority of its educational scholarships. ***The county where the funds were spent is the county where the recipient's school is located, not the county of the student's res-***

idence or previous school's location.

If the percentage awarded to low-income eligible recipients shown on Section III, line 7 is equal to or greater than the percentage of low-income eligible students in the county where the majority of your educational scholarships were expended shown in Section III, line 5, check "Yes". If this requirement has not been met, check "No".

LINE 2. First-time Recipients Continuously Enrolled in a Private School. Act 2013-64, as amended by Act 2013-265, requires that SGOs ensure that at least 75 percent of first-time recipients of educational scholarships were not continuously enrolled in a private school during the previous year.

If the percentage of first-time recipients not continuously enrolled in a private school during the previous year shown on Section III, line 13 is equal to or greater than 75%, check "Yes". If this requirement has not been met, check "No".

LINE 3. Reasonable Effort to Make Scholarship Grants. Act 2013-64, as amended by Act 2013-265, and Rule 810-61-.04 requires that SGOs must make a reasonable effort to make scholarship grants with scholarship funds. The SGO will be deemed to have made reasonable efforts to make scholarship grants if the scholarship grants made during the year are at least equal to the unexpended scholarship funds on hand at the beginning of the year.

If the amount of scholarship funds awarded during the year shown on Section III, line 2 is equal to or greater than the unaccounted for scholarship funds on hand at the beginning of the year as shown on Section IV, line 1, then check "Yes". If this requirement has not been met, check "No".

LINE 4. Amount of Allowable Non-Scholarship Expenditures. Act 2013-64, as amended by Act 2013-265, and Rule 810-61-.04 requires that SGOs ensure that at least 95 percent of their revenue from donations is spent on educational scholarships and that all revenue from interest or investments is spent on educational scholarships.

If the amount of allowable non-scholarship expenditures made during the year shown on Section IV, line 5 is less than 5% of scholarship funds received during the year as shown on Section II, line 2, then check "Yes". If this requirement has not been met, check "No".

LINE 5. Cumulative Amount of Allowable Non-Scholarship Expenditures. Act 2013-64, as amended by Act 2013-265, and Rule 810-61-.04 requires that SGOs ensure that at least 95 percent of their revenue from donations is spent on educational scholarships and that all revenue from interest or investments is spent on educational scholarships. The 5% maximum will be calculated for each calendar year, using the amount of scholarship donations received during the year. Regardless of whether an SGO has used less than the allowable amount of scholarship funds for non-scholarship purposes during any prior year, the SGO may not make non-scholarship expenditures exceeding 5% of scholarship donations in any given year.

If the cumulative amount of allowable non-scholarship expenditures made during the current and all previous years is less than 5% of the cumulative amount of all scholarship funds received during the current and all previous years, then check "Yes". If this requirement has not been met, check "No".