



Diocese of Arlington Scholarship Foundation

Annual Financial Report: June 30, 2016

Dear Friends,

In 2012, the Commonwealth of Virginia approved a 65% tax credit for donations made to approved scholarship foundations that provide educational grants to needy students wishing to attend eligible private schools.

In response to this significant opportunity, the **Diocese of Arlington Scholarship Foundation** was created to provide scholarships to new students from low-income families who meet the financial need requirements established by the Commonwealth of Virginia and wish to attend a diocesan Catholic school. This insert provides an annual financial to exhibit our stewardship of gifts received for donations to this Foundation.

Further, I would like to emphasize that in addition to a charitable deduction, businesses or individuals can receive a 65% Virginia tax credit for donations made to the **Diocese of Arlington Scholarship Foundation** via check or marketable securities. Each donation must be preauthorized through the Virginia Department of Education prior to making a donation in order to obtain the tax credit.

I hope you will consider this unique opportunity to give a child the gift of a Catholic education while gaining a very beneficial tax credit for your donation. Please see the second page of this report for further information and feel free to contact us with any questions.

This program has helped many needy families realize the dream of having their children attend Catholic school in our diocese. May the seeds planted today in their hearts and minds help to bring faith, hope and wisdom to our future world.

Sincerely in Christ,

Jennifer Bigelow
Superintendent of Schools
Chairperson of Scholarship Foundation

Diocese of Arlington Scholarship Foundation, Inc. Financial Highlights

Statement of Financial Position

	June 30, 2016	June 30, 2015
Assets		
Cash and cash equivalents	\$780,107	\$861,327
Total assets	\$780,107	\$861,327
Liabilities		
Accrued expenses	\$5,998	\$101,439
Net Assets		
Unrestricted	(1,083)	\$1,443
Temporarily restricted	\$775,192	\$758,445
Total net assets	\$774,109	\$759,888
Total liabilities and net assets	\$780,107	\$861,327

Statement of Activities

	For the year ended June 30, 2016	For the year ended June 30, 2015
Contributions (including restricted amounts)*	\$1,065,988	\$1,016,456
Stock donation variance#	(4,726)	\$101
Total Revenue	\$1,061,262	\$1,016,557
Program distributions	\$945,242	\$411,888
General and administrative expenses	\$101,799	\$101,535
Total Expenses	\$1,047,041	\$513,423
Increase in Net Assets	\$14,221	\$503,134

* Donations made to the Foundation are to be distributed within one academic year

Denotes change in stock value from gift receipt date until sale date



Highlights of the Scholarship Foundation:

The Virginia Education Improvement Scholarship Tax Credit Program will award a 65% tax credit to individuals or businesses that make a donation to an approved foundation.

- A \$500 minimum donation is required for individuals; there are no donation limits for businesses.
- Donations must be pre-approved by the Virginia Department of Education.
- Donations provide scholarships to low-income, new students to our Catholic schools.
- These donations provide a life-changing education for our new students.
- There have been 717 scholarships awarded since the inception of the Scholarship Foundation in 2012.

Joyful News for a Mother and Son!

Joseph is an only child in a single parent family. His mother works cleaning apartments and offices to earn a living, as they receive no support from his absent father. One of Joseph's mother's jobs is to clean the parish church once a week. One day while working she met the school principal and expressed a desire that her son could someday attend a Catholic school, although she thought she could never afford it. However, Joseph and his mother met the required criteria to enable them to receive assistance from the Scholarship Foundation. His mother cried with joy when she learned that this would be possible. Joseph now attends one of our Catholic Schools and is thriving!

Please help give a Student the Gift of a Catholic Education and *gain* a 65% tax credit!

Frequently Asked Questions

Who is eligible for the tax credit?

An individual or business entity may receive a tax credit for eligible donations.

What kind of donations qualify for the credit?

Eligible donations include monetary donations by cash, checks, or marketable securities. Donations of goods, services or property are not eligible for the tax credit.

How are donations limited?

In order to receive a tax credit, donors must contribute a minimum of \$500. For individuals, including married couples, the eligible maximum donation is \$125,000 per person per taxable year. Therefore, the maximum tax credit of an individual's donation is \$81,250 (65% of \$125,000). Business entities, including sole proprietorships, have no donation limitations.

How does a donor apply for a tax credit?

In order to qualify for a tax credit, donors must request preauthorization from the Department of Education. Donations made without preauthorization will not be eligible for the tax credit. Preauthorization requests are processed on a first come, first served basis. Preauthorization requests will only be granted for the first 25 million dollars in total donations. The Department of Education will issue a preauthorization notice to the donor indicating approval of the donation.

How does a donor obtain a Preauthorization form?

The Preauthorization form can be downloaded from the Department of Education website:
http://www.doe.virginia.gov/school_finance/scholarships_tax_credits.



Effect of Scholarship Tax Credit (SAMPLE)

(Based on tax laws as of 2016)

Individuals

	No contribution	Contribution
Income before contribution	\$100,000	\$100,000
Contribution	0	\$1,000
Taxable Income	\$100,000	\$99,000
Virginia Taxes:		
Virginia Personal Tax Rate (5.75%)	\$5,750	\$5,692
VA Personal Tax Savings	0	\$58
VA Scholarship Tax Credit	0	\$650
Total VA Tax Savings	0	\$708
Federal Taxes:		
Federal taxable income	\$100,000	\$99,000
Add back:		
Reduction of state tax deduction	0	\$708
Net Federal Taxable income	\$100,000	\$99,708
Federal taxes (25% marginal rate)	\$25,000	\$24,927
Federal Tax Savings	0	\$73
Total Tax Savings	0	\$781
Net cost to contribute	\$1,000	\$219

Corporations

	No contribution	Contribution
Income before contribution	\$1,000,000	\$1,000,000
Contribution	0	\$10,000
Taxable Income	\$1,000,000	\$990,000
Total Tax Savings	0	\$8,086
Net cost to contribute	\$10,000	\$1,914

Note: Illustrative tax calculation

Please consult your tax advisor for specifics based on your situation.

Follow these steps to get your tax credit:

- 1a. Go online to download a Preauthorization Request Form
www.doe.virginia.gov/school_finance/scholarships_tax_credits
 Or
- 1b. Contact our office for a Preauthorization Request Form
2. Please follow the instructions on the Preauthorization Request Form and mail the form to the VA DOE address shown on the form. VA DOE will then send you a Preauthorization Form for your donation.
3. Once you receive the Preauthorization Approval form from the VA DOE (form has a 6 character code at the top), complete Part 1 of this form, sign it, and mail it with your check to:
Diocese of Arlington Scholarship Foundation
200 North Glebe Road, Suite 811
Arlington, VA 22203
4. Please make checks payable to: **Diocese of Arlington Scholarship Foundation**. If the donation is marketable securities, please contact us for a stock donation form and instructions.
5. An acknowledgment letter from the Diocese of Arlington Scholarship Foundation will be sent to you for your charitable tax deduction.
6. The State of Virginia will send a tax credit certificate directly to you. The tax credit may be claimed for the same tax year in which the donation is made. Any unused tax credits may be carried over for the next five succeeding tax years or until the total amount of the credit has been taken, whichever is sooner.

Contact: Jeanne Combos

703-841-2764 • j.combos@arlingtondiocese.org

www.arlingtondiocese.org/catholicschools