



Pennsylvania Educational Improvement Tax Credit and Opportunity Scholarship Tax Credit programs for Individuals

Community Partnership School is an independent school serving low-income, low-wealth families. Unlike public or charter schools, CPS does not receive public funding. Our students' families pay tuition based on a sliding scale. Tuition accounts for only 5% of the CPS operating budget. The balance is supported by the generosity of private donors – individuals, foundations and corporations that invest in the CPS model for urban education reform.

Pennsylvania's **Educational Improvement Tax Credit (EITC)** and **Opportunity Scholarship Tax Credit (OSTC)** programs enable individuals to invest directly in improving education by turning tax dollars into scholarships for children who do not have access to a high performing school.

Community Partnership School has established a Special Purpose LLC that will allow individuals to direct their personal state tax liability to the Community Partnership School through the EITC/OSTC program. By investing in our Special Purpose LLC, individuals will receive a 90% credit against their state tax liability for capital contributions.

- To be eligible, you must meet the income criteria:
Annual Income of \$300,000 for those who file jointly or \$200,000 for single income tax payers
OR a combined \$1,000,000.00 in assets.
- To comply with securities laws, the CPS Scholarship Fund #1 LLC requires a minimum two-year commitment of a capital contribution/charitable donation of \$7,000 or more. Please estimate your tax liability for two years to ensure that you can fully utilize the state tax credit.
- Once you have determined the amount of credits you would like to designate to CPS, you will review and sign our operating agreement and register for membership in the Community Partnership Scholarship Fund #1, LLC. We encourage you to review the operating agreement with your financial/tax advisor.
- The next step is sending your capital contribution to Community Partnership School Scholarship Fund #1 LLC. The SPE will issue a K1 form and gift acknowledgement that you will need to take the credit on your state return and claim associated state and charitable deductions on your federal tax returns.

Example of how it works:

Last Year –Let's say you gave to CPS - \$1,000
and had a PA State tax bill due - \$10,000

Total Out of Pocket = \$11,000

By joining the Community Partnership School Scholarship #1 LLC.

Your new giving to CPS - \$10,000

Receive a PA tax credit of (\$9,000)

Net New PA State tax bill due - \$1,000

Total Out of Pocket = \$11,000

Advantages of joining: By directing where the state invests your tax dollars, your commitment to CPS makes a high-quality education option available in our community. You can also claim a Federal charitable deduction for the 10% difference between the total donation and the tax credit.



Letter of Intent to Join Community Partnership School Scholarship Fund #1, LLC

This letter of intent is made by and between _____ (Donor) of _____ (Address) and Community Partnership School (CPS) I/We acknowledge that I/we meet the income requirements to join the Community Partnership School Scholarship Fund #1 LLC.

- My individual income has exceeded \$200,000 in each of the two most recent years or my joint income together with my spouse exceeded \$300,000 in each of those years; AND I reasonably expect to earn individual income of at least \$200,000 this year or joint income with my spouse of at least \$300,000 this year

- OR

- My individual or joint net worth exceeds \$1,000,000.

I further acknowledge that:

- I will make a two-year commitment to joining the Community Partnership School Scholarship Fund #1 LLC

- I will complete the LLC application form sections A-1 through A-8 to join Community partnership School Scholarship Fund #1 LLC once the tax credits have been approved

- I will submit the application with my first gift of \$_____ to “CPS Scholarship Fund #1 LLC” dated on or before December 31, 2018 or 60 days after state approval, whichever comes first.

- I will use the Schedule K-1 that I receive from the LLC to prepare my tax returns and subsequently submit my second gift to “CPS Scholarship Fund #1 LLC” before December 31, 2019 or 60 days after state approval, whichever comes first.

DONORS:

Name Date

Name Date

Eric Jones, Head of School, COMMUNITY PARTNERSHIP SCHOOL Date