



RECEIVING TAX CREDITS BY CREATING BREAKAWAY SCHOLARSHIPS FOR SNIDER HOCKEY STUDENTS

The following document provides instructions on how individuals may receive personal tax credits from the Commonwealth of Pennsylvania by creating private high school scholarships (to which we've given the name "Breakaway Scholarships") for Snider Hockey students.

Notes and Considerations

- Participants agree to make gifts to Business Leadership Organized for Catholic Schools (BLOCS). This enables them to join a special-purpose LLC and receive tax credits through Pennsylvania's Educational Improvement Tax Credit (EITC) and/or Opportunity Scholarship Tax Credit (OSTC) programs.
- Participation allows donors to divert dollars they otherwise would have been using to pay Pennsylvania tax obligations to instead create scholarships for Snider Hockey students.
- Tax credits are available subject to the status of the state budget and are distributed to qualified applicants on a first-come, first-serve basis.
- A contribution through BLOCS costs the donor approximately 6.5 cents on the dollar, or \$650 for a \$10,000 donation.
- The portion of your donation to BLOCS for which you do **not** receive a PA tax credit is eligible for a federal tax charitable deduction.
- To participate, donors must make commitments of a minimum of \$7,000 per year.
- To receive the maximum tax credit percentage, donors typically need to make commitments for two years consecutively.
- The agreement form that must be completed to participate can only be completed online. Completing the agreement takes approximately 5 to 10 minutes.

7-Step Instructions for Participating in the BLOCS Scholarship LLC

1. Determine your PA Estimated Tax liability for 2019 and 2020.
2. Decide how much of that annual liability you wish to donate for two consecutive years.
3. Contact Katy Hsieh, Director, Development at Snider Hockey (khsieh@sniderhockey.org). Katy will notify BLOCS of your intention.
4. BLOCS will reach out to you via phone or email. At that time, you will be emailed an electronic agreement from BLOCS/DocuSign. The agreement is automated, and will guide you to the areas in which you need to provide information. In the process of completing the agreement, you will be able to designate your contribution to Snider Hockey. On the agreement, you will be asked to:

- Check a box certifying that you pass the *Income Test* (whether your income exceeded \$200,000 in the two most recent years, or \$300,000 combined with your spouse's income) OR the *Net Worth Test* (whether your net worth, combined with your spouse's, exceeds \$1,000,000).
 - Provide your electronic signature (this is done automatically).
 - Provide your name (or names, if applying jointly), address, phone number, and Social Security Number (and your spouse's, if applying jointly). Your email address will be pre-filled in for you.
 - Note: BLOCS will not share your personal contact information. This information is being collected solely to communicate with you about your participation in the LLC.
 - Provide the amount of your year-one and year-two capital contributions.
 - Provide your electronic signature once again (this is done automatically).
 - In the "Name of School" section, type "Snider Hockey"; **this will designate your gift to Snider Hockey students.**
 - Indicate whether you would like BLOCS to identify you as a donor.
 - Click "Finish."
 - Print and/or save a copy of the signed document to your computer.
 - Note: You will be asked whether you wish to create an account with DocuSign; you may select "No thanks."
5. Upon clicking "Finish," your electronically signed agreement will be automatically emailed to Bill O'Brien, Executive Director at BLOCS. Bill will electronically countersign the agreement and you will receive an email confirmation that the agreement has been fully executed.
6. Write a check payable to "BLOCS LLC" (or to "BLOCS LLC # ___" if a number has been assigned to your LLC) in the amount of your year-one donation and send it to:

BLOCS
 Attn: Bill O'Brien
 555 Croton Road, Suite 310
 King of Prussia, PA 19406

7. BLOCS will send you an IRS Form 1065 Schedule K1 for the calendar year in which you made your donation. You or your tax preparer will use this form when filing your taxes.

Notes:

- You will receive your K1 no later than March 15 following the end of the calendar year in which you made your donation to BLOCS (e.g., if you make your gift on December 20, 2019, you'll receive your K1 for your 2019 taxes on or before March 15, 2020).
- Refer to Line 23 of your PA tax return: "Total Other Credits. Submit your PA Schedule OC."
- Depending on whether you have received an EITC or an OSTC credit, complete Line 8 or 9 on Schedule OC (Credit Description Code; Awardee Tax ID; Amount).
- **To receive credits for the 2019 and 2020 tax years, you will need to make your initial gift to BLOCS before December 31, 2019.** A gift received after December 31, 2019 and before December 31, 2020 will be applied as a year-one credit for the 2020 and 2021 tax years (assuming this program is still compatible with U.S. tax law at the time you consider participating; **please be sure to consult with your tax advisor before participating in this program**).