

Educational Tax Credit Program Special Purpose Entities Donor Guide

1. Completing Joinder Agreement
 - a. Donor will complete and sign a Joinder Agreement
 - b. Return Joinder Agreement to Special Purpose Entity (SPE)

2. Making Initial Capital Contribution
 - a. The Special Purpose Entity (SPE) will contact the donor when it receives notification that it has been awarded tax credits and request the donor's initial capital contribution. The donor will receive a copy of the award letter form the DCED with the letter requesting any capital contribution. The SPE has 60 days from the date on the letter to collect all capital contributions.
 - b. Donor sends their capital contribution directly to the SPE that they are a member of
 - c. The SPE acknowledges receipt of the capital contribution with the donor

3. Activity in the Year Following the Donation
 - a. The donor will receive the following tax documents from their partnership in the Special Purpose Entity (SPE) in February:
 - PA Department of Revenue form 1123 for the SPE – Verifies that the tax credit exists for the SPE and the member's personal portion has been transferred to their Tax ID or Social Security Number when filing PA State Income Tax Return
 - Schedule K-1-Indicates the members share in the SPE and used when filling Federal Income Tax Return
 - b. The school will receive 100% of the donor's contribution in tuition assistance in the next school year.

4. Making Second Capital Contribution
 - a. The Special Purpose Entity will contact the donor when it receives notification that it has been awarded tax credits and request the donor's second capital contribution.

b. The rest of the process for Year 2 is the same as above.

5. Process in Year 3

- a. The process in Year 3 will mirror the process in Year 1. The donor will be asked by the Special Purpose Entity (SPE) to sign a new two-year Joinder Agreement and an initial capital contribution, when it is awarded tax credits. The rest process will mirror Years 1 & 2.
- b. Therefore, donors will be asked for capital contributions (initial or second) every year and to resign Joinder Agreements every other year.