Through participation in the Pennsylvania Educational Improvement Tax Credit (EITC) and Opportunity Scholarship Tax Credit (OSTC) programs, you can earn significant state tax credits while changing kids’ lives.

By making a donation to a Scholarship Organization, like The Episcopal Academy, you can earn up to a 90% state tax credit while supporting low-income students. The gifts that EA receives through these programs bolster our financial aid budget, allowing us to extend aid to students with the greatest financial need.

INDIVIDUAL PARTICIPATION THROUGH A SPECIAL PURPOSE ENTITY

Individuals are now able to participate in Pennsylvania’s EITC and OSTC programs by joining a Special Purpose Entity (SPE). Eligible individuals work together to fund the SPE, which then makes a donation to EA. All members of the SPE then receive a Schedule K-1 to utilize when filing their individual taxes.

When an individual commits to participate for two consecutive years, they are eligible for a tax credit equal to 90% of their total contribution. The remaining 10% of the donation is then deductible as a charitable contribution.

EA community members recently formed SPEs and applied for additional funding approval from the state. If the SPE receives approval this fall, we hope that we can count on you to help fund one of the SPEs that will support EA.

ELIGIBILITY

You are eligible if you are liable for $7,800 or more a year in income taxes to the Commonwealth of Pennsylvania. The program requires a minimum contribution of $7,800. In return, you receive a 90% state tax credit for your two-year commitment.

Participants must also meet the definition of an Accredited Investor:
• Individual/Joint net worth (exclusive of home, furnishings and automobiles) exceeds $1M, or
• Individual income exceeds $200,000 (or joint income exceeds $300,000)

Interested individuals should first speak with their accountant or a tax specialist about the program. EA will be happy to join the discussion, if it is helpful. Please contact us with questions or to explore potential participation.

To learn more, contact Brooke Record:
Associate Director of Institutional Advancement   brecord@episcopalacademy.org   484-424-1779
**SAMPLE PARTICIPATION TIMELINE**

**STEP 1: AGREE TO PARTICIPATE**
For those who would like to participate, let us know your desired commitment amount (must be the same for both years). EA will place you on a waiting list until the program approval is confirmed.

**STEP 2: SPE SUBMITS APPLICATION**
The SPE will submit an application to the state on July 1 (or in May if it is a renewal application). The State will notify the SPE if the application is approved, typically by mid-fall.

**STEP 3: JOIN THE SPE**
If the SPE’s application is approved, EA will notify you and verify how you would like to join the SPE (individual or joint) and will send you a copy of the operating agreement and joinder. The documents, along with your contribution to the assigned SPE, will be processed mid- to late-fall.

**STEP 4: FILE FOR TAX CREDIT**
By March 15, you will receive a Schedule K-1 that indicates your contribution.

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**SAMPLE CONTRIBUTION SCENARIO**

<table>
<thead>
<tr>
<th>PA STATE EXAMPLE:</th>
<th>No Contribution</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10K Liability</td>
<td>$326,000</td>
<td>$326,000</td>
</tr>
<tr>
<td>$10K Gift</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| PA Taxable Income (Line 11) | $326,000 | $326,000 |
| PA TAX Liability (Line 12) 3.07% | $10,008 | $10,008 |
| Total Payments and Credits (Line 18) | $ - | $ - |
| EITC/OSTC Credit (Line 23) | $ - | $ 9,007 |
| Estimated PA Tax Due (Line 26) | $10,008 | $1,001 |

Please consult with your tax advisor for a scenario based on your personal tax situation. Additionally, the 10% of your gift for which you did not receive a state tax credit can be deducted as a charitable contribution on your federal return.