

STATE OF ARIZONA

Department of Revenue
Office of Economic Research and Analysis
Facsimile – (602) 716-7991



Janice K. Brewer
Governor

David Raber
Director

Dear Officer of the Charitable Organization:

RE: Qualifying Charitable Organization (QCO) – Certification Request
Qualifying Foster Care Charitable Organization (QFCO) – Certification Request

NOTE – A CHARITY MAY USE THIS ONE SET OF FORM AND INSTRUCTIONS TO APPLY FOR EITHER QCO or QFCO STATUS

BACKGROUND

Arizona law provides for taxpayers to claim a tax credit for cash contributions made to Qualifying Charitable Organizations that provide help to the working poor.

House Bill 2286, which became effective on September 30, 2009, required that a charitable organization provide the Arizona Department of Revenue with a written certification stating that it meets all criteria in order to be considered as a Qualifying Charitable Organization and provide supporting documentation proving the same.

House Bill 2627, which became effective on August 2, 2012, amended the law to require that a charitable organization provide a written certification stating that it does not provide, pay for, or provide coverage for abortions and does not financially support any other entity that provides, pays for, or provides coverage for abortions in order to qualify as a Qualifying Charitable Organization.

House Bill 2009, which became effective on September 13, 2013, amends the law to allow for a Qualifying Charitable Organization to apply to be considered as a Qualifying Foster Care Charitable Organization. To become a Qualifying Foster Care Charitable Organization, an organization must first meet all requirements to be a Qualifying Charitable Organization. In addition to meeting those requirements, a Qualifying Charitable Organization must provide *ongoing* services to at least 200 foster children in Arizona and spend at least 50% of its budget on *ongoing* services to foster children in Arizona to be considered as a Qualifying Foster Care Charitable Organization. "Foster children" has the same meaning prescribed in ARS Title 8, Section 8-501.

Senate Bill 1179, which became effective on September 13, 2013, amends the law to allow standard deduction taxpayers to claim a credit for contributions rather than having to itemize deductions. Both standard and itemized deduction taxpayers can claim the credit.

WHAT YOU MUST DO IF APPLYING FOR QCO STATUS

1. Complete the attached certification form stating that you meet all requirements as listed on the form. **You must meet all of the first six requirements to be considered as a Qualifying Charitable Organization under the law.**
2. Sign the attached certification form under penalty of perjury by an officer of your organization. The signer should be able to represent the charity in official matters.
3. Notarize the certification form.
4. Submit a copy of your financial statements for the prior operating year specifying the amount of that revenue spent on services¹ that provide a basic need to low income residents², TANF recipients³, or chronically ill or children with physical disabilities⁴.
5. Submit a copy of your federal 501(c) (3) letter or a copy of your status as a community action agency that receives community services block grant program monies.
6. In the context of the law:
 - Describe the services your organization provides
 - Describe in general terms the population you serve
 - Show in your financial statements that at least 50% of your operating budget is spent on the services the law identifies for families that receive TANF, or for Arizona resident low income households, or for chronically ill or children with physical disabilities.

WHAT YOU MUST DO IN ADDITION TO THE ABOVE REQUIREMENTS IF APPLYING FOR QFCO STATUS

7. Complete the remainder of the attached certification form stating that you meet **ALL** requirements as listed on the form. **You must meet ALL of the requirements to be considered as a Qualifying Foster Care Charitable Organization under the law.**
8. Refer to the copy of financial statements you provided in Step 4 of these instructions. Specify the amount of that revenue spent on services to foster children⁵.
9. In the context of the law:
 - Describe the ongoing foster child population you serve

¹ As defined in A.R.S. §43-1088.I.4 “Services” means cash assistance, medical care, child care, food, clothing, shelter, job placement and job training services or any other assistance that is reasonably necessary to meet immediate basic needs and that is provided and used in this state.

² As defined in A.R.S. §43-1088.I.2 “Low income residents” means persons whose household income is less than 150% of the federal poverty level.

³ “TANF” means Temporary Assistance for Needy Families benefits.

⁴ As defined in A.R.S. §43-1088.I.1 “Chronically ill or children with physical disabilities” means children who are under 21 years of age and whose primary diagnosis is a severe physical condition which may require ongoing medical or surgical intervention.

⁵ As defined in ARS Title 8, “foster child” is a child currently in the Arizona foster care system. The child is either:

- In a foster home with relatives approved by the Department of Economic Security (DES).
- With a child welfare agency licensed by the DES Office of Licensing, Certification, and Regulation.

Children being fostered by agencies/organizations outside of DES are not considered foster children for purposes of the Qualifying Foster Care Charitable Organization credit.

- Describe the ongoing services your organization provides to foster children.

RETURN IT TO ME FOR REVIEW

By mail to Arizona Department of Revenue, OERA, P.O. Box 29099, Phoenix, Az. 85038, Attention: Elaine Smith

(Note: every effort is made to process applications within a two week turnaround time. This time may take up to thirty days during July, August, November and December. Typically, applications received in December are not reviewed until January of the following year due to the high number of applications received.)

IF YOUR ORGANIZATION QUALIFIES

- I will notify you in writing that your organization meets the criteria to be considered as a Qualifying Charitable Organization.
- I will send a Notice of Certification to you in the mail.

IF YOUR ORGANIZATION DOES NOT QUALIFY

- I will notify you in writing that your organization does not meet the criteria to be considered a Qualifying Charitable Organization.
- I will provide you with information on how you can request an informal meeting to discuss the decision or how you can schedule a formal appeal.

YOU CAN REAPPLY AS A QUALIFYING CHARITABLE ORGANIZATION AT A LATER DATE

If you submit written certification that complies with the criteria of the law.

IF YOU NEED ANY HELP

Please call me at 602-716-6924 or write, send a fax or send e-mail to me.

Sincerely,

Elaine Smith
Senior Economist
Office of Economic Research & Analysis
Phone: (602) 716-6924
E-mail: esmith@azdor.gov

Qualifying Charitable Organization

Qualifying Foster Care Charitable Organization

(Check the first box or both, depending on what you are applying for.)

I hereby certify that _____ meets each of
(Name of Charitable Organization – please print)

the following criteria to be considered as an organization identified in the check box above:

- 1)** ARS § 43-1088.I.3 states that a “qualifying charitable organization” means a charitable organization that is exempt from federal income taxation under section 501 (c) (3) of the Internal Revenue Code or is a designated community action agency that receives community block grant program monies pursuant to 42 United States Code, Section 9901. I have enclosed a copy of my organization’s 501 (c) (3) status or copy of verification that my organization is a designated community action agency.

My organization meets this criteria: _____
(initial here)

- 2)** ARS § 43-1088.I.3 states that the organization spends “at least fifty percent of its budget on services to Arizona residents who receive Temporary Assistance for Needy Families (TANF) benefits or to Arizona resident low-income households (individuals living at or under 150% of the federal poverty level) or to chronically ill or children with physical disabilities (defined as children who are under 21 years of age and whose primary diagnosis is a severe physical condition which may require ongoing medical or surgical intervention) who are Arizona residents”. As defined in ARS § 43-1088.I.4, “Services means cash assistance, medical care, child care, food, clothing, shelter, job placement and job training services or any other assistance that is reasonably necessary to meet immediate basic needs and that is provided and used in this state”.

My organization meets this criteria: _____
(initial here)

- 3)** I have enclosed a copy of my financial statements for the prior operating year specifying the amount of that revenue spent on services (as defined above) to residents of Arizona who either:
- a. Receive Temporary Assistance of Needy Families (TANF) benefits,
 - b. Are low income residents of Arizona or
 - c. Are chronically ill or physically disabled children.

My organization meets this criteria: _____
(initial here)

- 4)** My organization plans to continue spending at least fifty percent of our budget in the future on services (as defined above) to residents of Arizona who either:
- a. Receive Temporary Assistance of Needy Families (TANF) benefits,
 - b. Are low income residents of Arizona or

c. Are chronically ill or physically disabled children.

My organization meets this criteria: _____
(initial here)

5) ARS § 43-1088.G.4 states that a “qualifying charitable organization” does not provide, pay for, or provide coverage of abortions.

Does your organization do any of the following?

- 1. Provide abortions? Yes _____ No _____
- 2. Pay for abortions? Yes _____ No _____
- 3. Provide coverage of abortions? Yes _____ No _____

Note: You must answer “no” to all 3 questions in order to qualify to be considered as a Qualifying Charitable Organization.

My organization does not do any of the above activities: _____
(initial here)

6) ARS § 43-1088.G.4 also states that a “qualifying charitable organization” does not financially support any other entity that provides, pays for, or provides coverage of abortions.

Does your organization financially support any other organization that does any of the following?

- 1. Provide abortions? Yes _____ No _____
- 2. Pay for abortions? Yes _____ No _____
- 3. Provide coverage of abortions? Yes _____ No _____

Note: You must answer “no” to all 3 questions in order to qualify to be considered as a Qualifying Charitable Organization.

My organization does not financially support any other organization that does any of the above activities: _____
(initial here)

If you are not applying for QFCO status, stop here; skip items 7 & 8, and go to the last page to complete your application

~~~~~

7) ARS § 43-1088.J.4 states that a “qualifying foster care charitable organization” means a qualifying charitable organization that each operating year provides ongoing services to at least two hundred foster children in this state and spends at least fifty percent of its budget on ongoing services to foster children in this state. For the purposes of this paragraph, “foster children” has the same meaning prescribed in ARS Title 8, Section 8-501. “Services means cash assistance, medical care, child care, food, clothing, shelter, job placement and job training services or any other assistance that is reasonably necessary to meet immediate basic needs and that is provided and used in this state”.

My organization meets this criteria: \_\_\_\_\_  
(initial here)

8) My organization plans to continue spending at least fifty percent of our budget in the future on services (as defined above) to:

- a. Foster children.

My organization meets this criteria: \_\_\_\_\_  
(initial here)

## Notary

I declare and affirm under penalty of perjury that the statements made herein are true and correct to the best of my knowledge, information and belief.

\_\_\_\_\_  
Printed Name of Officer

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature of Officer

\_\_\_\_\_  
Address of Charitable Organization

\_\_\_\_\_  
Telephone Number

State of Arizona )

)

County of \_\_\_\_\_)

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, before me personally appeared \_\_\_\_\_ (name of signer), whose identity was proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to this document, and who acknowledged that he/she signed the above/attached document.

(seal)

\_\_\_\_\_  
Notary Public

My commission expires \_\_\_\_\_