

CONECUH SPRINGS CHRISTIAN SCHOOL MONTGOMERY ACADEMY

EMPOWER

NORTHSIDE METHODIST ACADEMY BUILD UP COMMUNITY SCHOOL

MISSION

ST. FRANCIS XAVIER CATHOLIC SCHOOL

REDIRECT

MARION ACADEMY

ALABAMA CHRISTIAN ACADEMY OUR LADY OF SORROWS CATHOLIC SCHOOL

HOLY FAMILY REGIONAL CATHOLIC SCHOOL

CHAMBERS ACADEMY RANDOLPH SCHOOL SACRED HEART CATHOLIC SCHOOL

MARS HILL BIBLE SCHOOL TRINITY PRESBYTERIAN SCHOOL

THE ISLAMIC ACADEMY OF ALABAMA

ST. JAMES SCHOOL JEFFERSON CHRISTIAN ACADEMY NEW LIFE CHRISTIAN ACADEMY

EDUCATE

ST. JAMES CATHOLIC SCHOOL SHOALS CHRISTIAN SCHOOL COOSA CHRISTIAN SCHOOL SUCCESS UNLIMITED ACADEMY LITTLE FLOWER CATHOLIC SCHOOL JACKSONVILLE CHRISTIAN SCHOOL HOUSTON ACADEMY

FUTURE

ST. ANN CATHOLIC SCHOOL CORNERSTONE CHRISTIAN SCHOOL

REVELATION CHRISTIAN ACADEMY



HOLY SPIRIT CATHOLIC SCHOOL

ST. JAMES CATHOLIC SCHOOL

SPRINGWOOD SCHOOL

HOLY SPIRIT REGIONAL CATHOLIC SCHOOL EPHESUS ACADEMY JACKSON ACADEMY

BESSEMER ACADEMY

MONTGOMERY CHRISTIAN SCHOOL EVANGEL CHRISTIAN ACADEMY

LAKESIDE SCHOOL DECATUR HERITAGE CHRISTIAN ACADEMY

ST. ROSE ACADEMY HOLY FAMILY CRISTO REY

ISLAMIC ACADEMY OF HUNTSVILLE PRINCE OF PEACE CATHOLIC SCHOOL

CULLMAN CHRISTIAN SCHOOL VALIANT CROSS ACADEMY

CATHOLIC HIGH SCHOOL

MOBILE CHRISTIAN SCHOOL

SPRING VALLEY SCHOOL

OUR LADY OF THE VALLEY CATHOLIC SCHOOL

HOLY FAMILY CATHOLIC ACADEMY

LINCOLN ACADEMY

BRIGHT BEGINNINGS ACADEMY

ST. BENEDICT CATHOLIC SCHOOL

CORNERSTONE SCHOOL OF ALABAMA

CHURCHILL ACADEMY



ST. BERNARD PREPARATORY SCHOOL SAINT JOHN PAUL II CATHOLIC HIGH SCHOOL JOHN CARROLL CATHOLIC HIGH

ST. JOSEPH REGIONAL CATHOLIC SCHOOL

TRINITY CHRISTIAN SCHOOL PRATTVILLE CHRISTIAN ACADEMY

MONTGOMERY CATHOLIC PREPARATORY SCHOOL ST. LUKE'S EPISCOPAL

RIVER REGION ACADEMY BANKS ACADEMY

MIRACLE ACADEMY RESTORATION ACADEMY HOOPER MADISON CHRISTIANSCHOOL ACADEMY ELLWOOD CHRISTIAN ACADEMY

VISIT SCHOLARSHIPSFORKIDS.ORG

P.O. BOX 10204 • BIRMINGHAM, AL 35202

Under current Alabama law, a scholarship granting organization cannot award, restrict, or reserve scholarships on the basis of a donor's restriction or condition. Similarly, a taxpayer may not claim a tax credit for a contribution that is restricted or conditioned by the donor, including a restriction or condition requiring that the donor's contribution be directed to a particular student or to a particular school.

2023 ANNUAL REPORT

Letter from the Director

SCHOLARSHIPS for KIDS

Scholarships for Kids just completed its biggest fundraising year ever, thanks to you! Together we raised over \$21.5 million in 2022 and were able to provide scholarships to 2,481 students across Alabama. This new high-water mark is thanks to an amendment to the Alabama Accountability Act that was passed by our legislature and signed into law in 2022. This year, the law was amendment yet again, and now allows us raise \$40 million from the previous limit of \$30 million. We can impact the lives of thousands of additional students who will now have school choice opportunities.

From talking with parents, students, teachers and our school leaders, I know firsthand the impact this has. As students face a new society and economic realities much different from what we faced growing up, education is the greatest tool at their disposal to provide better opportunities in the future. With your help, we can raise even more funds and impact more lives for the better.

Remember: you can give 100% of your state income taxes (capped at \$100,000 per taxpayer) to Scholarships for Kids! You never have to pay income taxes again to the state but can invest those dollars in your local communities and support local students to attend the school of their choice. Business owners can still take advantage of federal tax regulations which may allow a federal deduction when they contribute at the entity level.

It is so easy to do! Fifteen minutes of your time can make a lifelong impact on a student in our state. Thank you so much for your support in the past, and we would love to have your support again this year and in the future.



Stephen Bridgers
Executive Director
Scholarships for Kids



STEPHEN BRIDGERS
Executive Director



TASHA JONES STEELE
Director of School Relations



NICOLE CUNNINGHAM
Partner, Mauldin and Jenkins
CPA and Advisor

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KELLIE HOPE

MIKE FLINK

GRANT MORGAN

H. THOMAS WELLS, JR.

ADAM WEST

Donations

BUSINESS EXPENSE DEDUCTION AND STATE TAX CREDIT?

Recently released Federal Tax Regulations provide a potential dual benefit for individual owners of specified pass-through business entities ("PTEs") who donate to scholarship granting organizations ("SGOs").

Under the Final Regulations, a payment made by C corporations and PTEs to a charitable organization may qualify as an ordinary and necessary business expense deduction. By characterizing a charitable donation to an SGO as a business expense, C corporations and PTEs reduce their taxable income at the entity-level, and the individual owners of PTEs receive state and local tax ("SALT") credits. The SALT credit generated by the business's donation can be applied to the individual's state tax liability, providing possible relief from the federal cap of \$10,000 on the SALT deduction.

WHEN DOES A CHARITABLE DONATION QUALIFY AS A BUSINESS EXPENSE?

If the payment is a reasonable, ordinary and necessary expenditure incurred in carrying on the trade or business, and the entity "reasonably believes the program will generate a significant degree of name recognition and goodwill in the communities where it operates and thereby increase its revenue," then the donation may qualify as a business expense.

The Regulations provide an example stating a business may be entitled to a business expense deduction for payments made "for use in projects that improve conditions in the state." Therefore, a donation to an SGO may be deductible as a business expense since the payment assist in providing greater educational opportunities, and greater educational opportunities improve educational outcomes. Improved educational outcomes in the state allow for fiscal and economic savings, and attract business to the state.

Tax benefit
of contributing
\$16,000 to
Scholarships
for Kids
for Alabama
income tax
credit if
contribution
payment qualifies
as business
expense of
pass-through
entity owned
by donor:

2023 FEDERAL INCOME TAX

	NO CREDIT	WITH CREDIT
WAGES SCHEDULE E - S CORP	90,000 327,000	90,000 311,000 ⁽¹⁾
ADJUSTED GROSS INCOME	417,000	401,000
20% QBI DEDUCTION	(65,400)	(62,200)
STATE INCOME TAXES PAID REAL ESTATE TAXES MORTGAGE INTEREST CHARITABLE CONTRIBUTIONS	(10,000) (3,000) (12,500) (2,500)	(10,000) (3,000) (12,500) (2,500)
ITEMIZED DEDUCTIONS	(28,000)	(28,000)
PERSONAL EXEMPTIONS	-	-
TAXABLE INCOME	323,600	310,800
INCOME TAX	65,335	62,263 ⁽²⁾
TAX CREDIT - DONATION TO SFK INCOME TAX WITHHELD ESTIMATED PAYMENTS	- 25,000 15,000	- 25,000 15,000
INCOME TAXES PAID 2023	40,000	40,000
TAXES OWED (REFUNDED) 2023	25,335	22,263

2023 ALABAMA INCOME TAX

	NO CREDIT	WITH CREDIT
WAGES SCHEDULE E - S CORP	90,000 327,000	90,000 327,000 ⁽³⁾
ADJUSTED GROSS INCOME	417,000	417,000
FEDERAL TAX DEDUCTION	(65,335)	(62,263)
FICA/MEDICARE TAX DEDUCTION REAL ESTATE TAXES MORTGAGE INTEREST CHARITABLE CONTRIBUTIONS	(6,885) (3,000) (12,500) (2,500)	(6,885) (3,000) (12,500) (2,500)
ITEMIZED DEDUCTIONS	(24,885)	(24,885)
PERSONAL EXEMPTIONS	(3,000)	(3,000)
TAXABLE INCOME	323,780	326,852
INCOME TAX	16,109	16,262.60 ⁽²⁾
TAX CREDIT - DONATION TO SFK INCOME TAX WITHHELD ESTIMATED PAYMENTS	- - -	16,000 - -
INCOME TAXES PAID 2021	-	16,000
TAXES OWED (REFUNDED) 2022	16,109	262.60

WITHOUT DONATION: Federal Taxes: \$65,335 / State Taxes: \$16,109 = Total Expenses Paid: \$81,444

WITH DONATION: Federal Taxes: \$62,263 / State Taxes: \$262.60 ⁽³⁾ / Scholarships for Kids Donation: \$16,000 = Total Expenses Paid: \$78,525.60

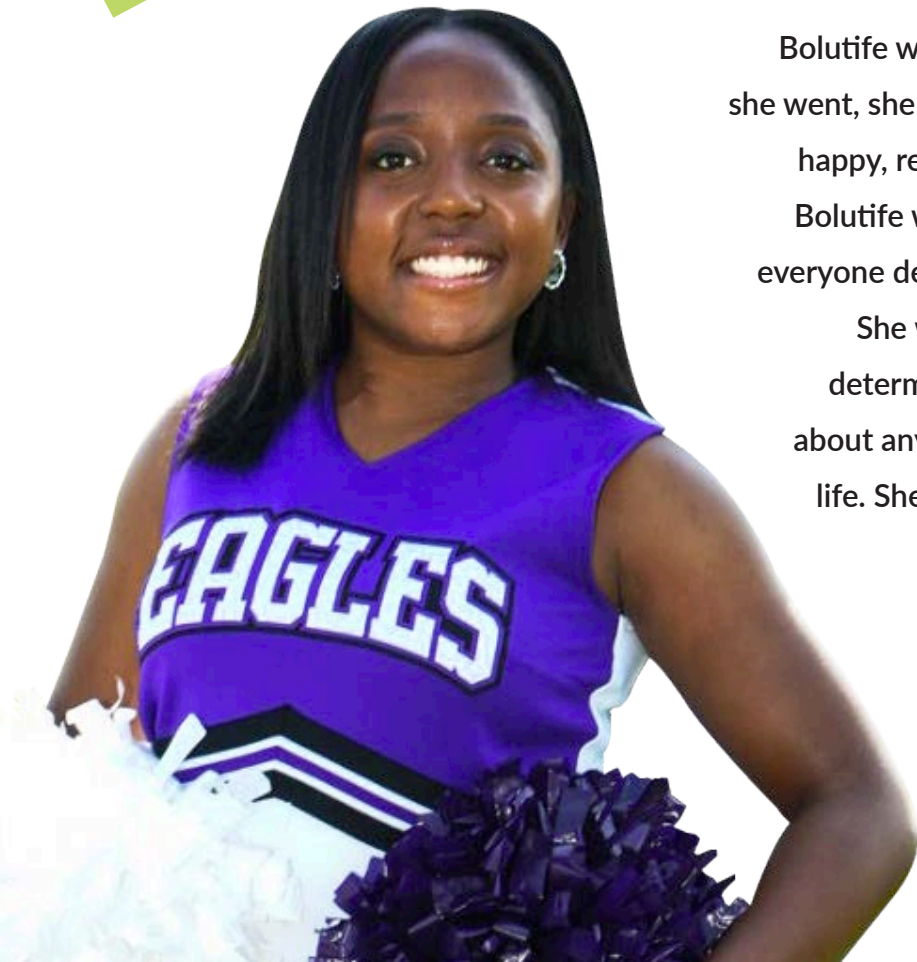
Conclusion: \$2,918.40 Total Savings

1) Reduced by donation of \$16,000 to Scholarships for Kids as an ordinary business expense 2) Using Filing Status of Married Filing Joint 3) Assuming the \$16,000 donation deducted as a business expense by the S Corp for federal tax purposes must be added back for state income tax purposes in order to receive the tax credit against the Alabama income tax liability

The projections above are for illustrative purposes only, not intended as tax advice applicable to an actual situation. Please consult your tax advisor.

A Shining Light

Remembering Bolutife



Bolutife Fawole

Bolutife was a bright light to this world, and everywhere she went, she would always let you see her light by being so happy, regardless of what she was dealing with herself. Bolutife was passionate about others, and she believed everyone deserved a chance to do something great in life.

She was a hard worker and she showed us all what determination looks like daily. She never complained about anything. Bolu's faith is what carried her through life. She was an upcoming senior at Decatur Heritage, and she was excited about her future.

Bolu had five siblings: four sisters and one brother that she left behind, but she never left their hearts with that light she carried.

We miss Bolu so much and we thank God for the eighteen years He gave us with her.

Lakeisha Flowers,
mother of Bolutife Fawole and
Amber and April Flowers



**Amber and
April Flowers**
4th grade,
sisters of Bolutife Fawole
Decatur Heritage



Valiant Indeed

A Need to Succeed

My child's school is one of the best in Montgomery, Alabama. The leadership and staff are very passionate about their scholars. When my son was first accepted into Valiant Cross, he was in the 6th grade. He was severely struggling in reading and math. The changes I have seen in my child while at his current school (Valiant Cross) are to see him able to read and do math on his grade level and above grade level. Valiant Cross not only provides the small class setting and tools needed, they provide morning worship, brotherhood and compassion for their scholars. This has allowed my child to grow in many different ways and to overcome his learning challenges.

“

Scholarships for Kids
as allowed my son to get the help he needed to succeed. It is very important to sustain **Scholarships for Kids**. The resources they provide allows underprivileged children to have the same learning opportunity as anyone else.

Vanessa Pierce,
mother of Jacori



Jacori Pierce
Class of 2024
Valiant Cross Academy

Financials

Total Dollars Granted per Fiscal Year

2014	\$6,223,841
2015	\$6,489,228
2016	\$9,280,346
2017	\$10,023,224
2018	\$11,723,627
2019	\$14,147,106
2020	\$12,443,951
2021	\$10,744,755
2022	\$13,101,448

2023
Fiscal Year
Award Total:
\$16,959,013
and
2,036
Scholarships

The Chance for a Great Future

Q and A
with
Mrs. Ana Flores

SFK: What positive changes have you seen in your child while at St. Rose Academy?

Mrs. Flores: Anthony was home-schooled since Covid when a friend told me to come and see about having him enter Saint Rose last spring. After spending a day there shadowing, he was sure he would be happy there. Since attending school there Anthony is happier having made good friends and not spending his time learning through a computer screen. His grades are good, and he really cares about doing well.

SFK: Describe how Scholarships for Kids has helped your child, and your family.

Mrs. Flores: We are so grateful to have been given a scholarship to attend Saint Rose. Without Scholarships for Kids, we would never have been able to go there. There are three children in our family, and we have one income. My husband works hard, but in no way could we afford almost \$8,000 a year for school. This scholarship will give Anthony the best education and the chance for a great future.

SFK: What can you tell people about St. Rose?

Mrs. Flores: Saint Rose is such a wonderful school. Everyone really cares and works hard to help all the children there. Anthony got help over the summer so he could be ready for the excellent academic program they give to their children. The teachers even met with the new students for the two weeks before school started to help them practice the Saint Rose way of studying and doing their work. Saint Rose is a very special place.

SFK: What has your experience been for your child, coming from a public school and into St. Rose? How has the transition changed your child?

Mrs. Flores: Before Covid, Anthony was in our local public school. He is a very responsible boy who does well except in spelling and reading. I asked the public school to test him because of this. He felt frustrated that no one seemed to care or understand his difficulty. Since being at Saint Rose in the 5th grade, his dyslexia was detected, and the recommendation was made for him to be tested, and now his special needs can be addressed. This has changed Anthony because he understands his difficulty and appreciates how much his teachers care about him and his studies. He is happier knowing this and is not frustrated anymore.

SFK: What would you say to Alabama taxpayers about the importance of sustaining this program for the good of K-12 education in our state?

Mrs. Flores: Thank you to the people of Alabama who have asked the State to give their taxes to Scholarships for Kids. The difference it has made to my family and my son, Anthony, is so important because I know he is getting the best education possible. This scholarship will make a big difference for him and for many of the children who would not otherwise be able to go to Saint Rose. Please keep participating in the program to continue offering the choice to families of where to educate their children.

