

July 1, 2021-June 30, 2022 Neighborhood Assistance Program (NAP)
Waynesboro Area Refuge Ministry, Inc.: Tax Credit Gift Information

FOR NAP GIFTS TO WARM:

WARM has been allocated \$33,000 in NAP Credits for the 2021-2022 Tax Credit Year! The allocation will provide WARM with \$66,000 in tax credit gifts for the July-June period to help provide homeless services in support in Waynesboro, Augusta County, and surrounding areas! With increased local needs, and WARM's reduced ability to host in-person fundraisers, your NAP gift will make an even bigger impact on individuals and families in need of shelter this year.

NAP gifts to Waynesboro Area Refuge Ministry, Inc. (WARM) are primarily accepted from businesses and individuals. NAP reservations can be accepted based on the amount of available credits and intended gift date. The availability of NAP Credit reservations are not guaranteed but are honored once made.

All NAP gifts to the organization are at provided to donors at 50% of the gift value. WARM's NAP forms are pre-filled with allowable percentage and organization information to streamline internal processing. Pre-filled sections should not be altered by the donor.

WARM's Tax Credit Process:

- 1) Decide on your gift amount, download and complete applicable CNF Form AND Tax Credit Percentage Form from www.warmwaynesboro.org/nap or email admin@warmwaynesboro.org to have forms emailed or mailed to you.

- 2) Submit your gift and the 2 required NAP forms (CNF form and Tax Credit Percentage Agreement form) to the WARM Office in person or by mail (if giving online or with stock/marketable securities then please be sure to mail or drop off the 2 completed forms for your gift to be processed). Contact Michelle Mullins at admin@warmwaynesboro.org or 540-324-8166 to arrange drop off or to notify WARM of your NAP gift. The WARM Office is located at 1035 Fairfax Avenue, Waynesboro, VA 22980 by appointment only.

- 3) WARM receives your donation and accompanying paperwork and internally acknowledges gift from donor.

- 4) Once gift and all forms are received, WARM certifies the CNF and submits it to the Virginia Department of Social Services (DSS) for review and approval.

- 5) The donor receives Tax Credit Certificate for current tax year by mail from WARM once the gift is approved by DSS within the online NAP management system. (typically, 6-8 weeks from DSS receipt).

WARM is here to make the process simple for you. Please feel free to call Michelle Mullins at the WARM office at 540-324-8166 for any questions or needs!

VIRGINIA DEPARTMENT OF SOCIAL SERVICES (VDSS)
NEIGHBORHOOD ASSISTANCE PROGRAM (NAP)
DONOR FACT SHEET (EXCERPT)

Overview:

- The Virginia Department of Social Services (VDSS) administers a program allowing individuals and businesses to receive state tax credits for donations to approved non-profit organizations that provides assistance to low-income persons. Approved neighborhood assistance program (NAP) organizations for the current program year (i.e., July 1 – June 30), and the current Contribution Notification Forms (CNF) are available at the following Web address: <http://dss.virginia.gov/community/nap.cgi>.
- Prior to making a donation, the donor is responsible for consulting with the NAP organization to ensure the availability of NAP tax credits. NAP tax credits are limited, and availability is based on the annual allocation of credits to a NAP organization.
- Determining the effect of making a donation for tax credits on a donor's tax liability is the sole responsibility of the donor. Before making a donation, or when tax-related questions occur, donors are encouraged to seek advice from their tax accountant or other tax advisor.

Making a Qualified Donation:

- Donations must be made directly to the NAP organization without any conditions or expectations of compensation or other benefits. Discounted property, a partial donation or bargain sales are not allowable donations for NAP tax credits.
- An online donation made to a NAP organization using a third-party payment processor is permitted provided that the neighborhood organization can provide documentation (receipt, financial statement, etc.) with the following information: donor's name, the amount of the donation, the date of the donation and the name of the NAP organization receiving the donation. The tax credit certificate is issued for the monetary value the NAP organization receives.
- A donation made from a Deferred Charitable Contribution Plan is not considered a donation made directly to a NAP organization and, therefore, is not eligible for NAP tax credits.

Value, Date of Donation, and Required Documentation (applicable to WARM only):

- The reported value of the donation must be net of any goods or services received. To maximize NAP gifts, WARM does not offer tax credits if any goods or services are provided in exchange for the gift. Requirements for monetary and marketable securities/stock donations are listed below.
- ✓ **Monetary:** A copy of the check(s), charge card transaction(s), or payroll deduction records, and the Credit Card Authorization Form, if applicable must be submitted with the CNF. **WARM will provide this documentation on behalf of the donor once the gift is made.**
- ✓ **Marketable Securities/Stock:** A letter from the brokerage firm listing the name of the donor, the name of the NAP organization receiving the gift, the number of shares, the high and low or mean price per share on the transfer date of the stock. The value is the fair market value (the number of shares times the average of the high and low prices, or the mean price per share) on the date of transfer. The date of the donation is the date the stock was transferred from the donor's account to the NAP organization's account.

Completing NAP Contribution Notification Form (CNF):

- An Individual or Trust donor **must** complete a CNF-E.
- A Business donor, including sole-proprietors, **must** use the appropriate CNF-A. (See business donation section).
- The donor must complete Part I and II of the CNF, attach any required documentation, and send the CNF and documentation and gift to the NAP organization.
- The NAP organization must review the form for accuracy, complete and sign Part III, and mail the original CNF and supporting documentation to the Virginia Department of Social Services (VDSS) for processing.
- A tax credit certificate will be mailed to the donor within six to eight weeks from the date VDSS receives the original CNF and supporting documentation. Donor information is shared with the Virginia Department of Taxation and the Department of Education to track tax credits issued under the Neighborhood Assistance Tax Act.

Instructions for Individual Donors (applicable to WARM only):

- NAP tax credits may be available to an individual for monetary or marketable securities donations.
- The following types of individual donations may qualify for NAP tax credits:
 - ✓ Check (mail or drop off)
 - ✓ Credit Card (online)
 - ✓ Electronic Funds Transfer (contact for info)
 - ✓ Marketable Securities (Call for direction)

- A minimum accumulative donation of at least \$500 is required for individuals to be eligible for NAP tax credits. The minimum \$500 donation requirement must be met between July 1 and December 31 or between January 1 and June 30 to qualify for a NAP tax credits. The maximum donation value allowable for NAP tax credits is \$125,000 per individual, per taxable year.

Instructions for Business Donors (applicable to WARM only):

- NAP tax credits may be available to any business entity authorized to do business in the Commonwealth of Virginia;
- NAP tax credits may be available to a trust or fiduciary for a trust subject to tax imposed by Article 6 (§ 58.1-360 et seq.) of Chapter 3.
- Donations to a NAP organization providing job training or education for individuals employed by the business firm do not qualify for NAP tax credits.
- NAP tax credits may be available to a business making donations with a value of at least \$616 in a taxable year.
- NAP tax credits may be available to a trust making a donation with a value of at least \$616 in a taxable year. The minimum donation requirement must be met between July 1 and December 31 or between January 1 and June 30 to qualify for a NAP tax credits.
- The following types of business donations may qualify for NAP tax credits:
 - ✓ check (mail or drop off)
 - ✓ credit card (online)
 - ✓ electronic funds transfer (contact for info)
 - ✓ stock (***please call for directions***)

Filing a Virginia Tax Return:

When filing a Virginia tax return by U.S. Mail, a copy of the Tax Credit Certificate must be attached. For electronic tax returns in which a copy of the Tax Credit Certificate cannot be attached, the Department of Taxation will match the return with the report of approved tax credits provided monthly by VDSS.

All pass-through businesses (Sub S, Partnership, LLP, LLC, PC, etc.) must complete Form PTE Virginia Pass-Through Credit Allocation (upon receipt of Tax Credit Certificate) and mail or fax the completed form with a copy of the tax credit certificate to the Virginia Department of Taxation. Form PTE Virginia Pass-Through Credit Allocation will be mailed to donors with the NAP Tax Credit Certificate.

Additional Form PTE Virginia Pass-Through Credit Allocation forms can be obtained from the Department of Taxation's website (www.tax.virginia.gov) under the *Forms & Filing* heading, click on *Forms & Instructions*. Click on *Credits, Subtractions, and Deductions*. Click on *PTE*.