



INSTRUCTIONS FOR APPLICANT:

QUALIFYING CHARITABLE ORGANIZATION AND

QUALIFYING FOSTER CARE CHARITABLE ORGANIZATION CERTIFICATION

Arizona law allows taxpayers to claim a tax credit for cash contributions made to Qualifying Charitable Organizations (QCO) that offer assistance to Arizona residents in meeting basic needs. Additionally, an organization may be considered a Qualifying Foster Care Charitable Organization (QFCO) if it provides immediate basic needs to qualified individuals in the foster care system.

Qualification as a QCO is determined based upon an organization meeting **all** of the following criteria:

1. The organization is a nonprofit 501(c) (3) or is a designated community action agency that receives community services block grant program monies pursuant to 42 United States Code section 9901.
2. The organization spends over fifty percent of its budget to provide qualifying services to qualifying populations.
 - a. As defined in A.R.S. §43-1088.J.5, “services” means cash assistance, medical care, childcare, food, clothing, shelter, job placement, and job training services or any other reasonably necessary support to meet immediate basic needs.
 - b. The organization provides qualifying services to residents of Arizona who receive Temporary Assistance for Needy Families benefits, are classified as low-income residents, or are individuals who have a chronic illness or physical disability. As defined in A.R.S. §43-1088.J.2, “Low-income residents” means persons whose household income is less than 150% of the federal poverty level. As outlined in A.R.S. §43-1088.J.1, “Individuals who have a chronic illness or physical disability” means individuals whose primary diagnosis is a severe physical condition that may require ongoing, medical or surgical intervention.
3. The organization provides a statement indicating plans to continue spending at least fifty percent of its budget on services to residents of this state who receive temporary assistance for needy family’s benefits, are low-income residents or individuals who have a chronic illness or physical disability.
4. The organization provides a statement indicating it does not offer, pay for or provide coverage for abortions, and does not financially support any other entity that provides, pays for or provides coverage of abortions.

An organization may qualify as a QFCO if it satisfies the above conditions in addition to:

1. Spend at least fifty percent of its budget on ongoing services to qualified individuals in Arizona.
2. Provide ongoing services to at least 200 qualified individuals in Arizona. “Qualified individual” means a foster child as defined in A.R.S. §8-501 or a person who is under twenty-one years of age and who is participating in a transitional independent living program as prescribed by A.R.S. §8-521.01.

Steps to Apply

1. Complete the application form by providing contact information and affirming 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.**
 - If applying for QFCO status, complete the remaining requirements (items 7 and 8). **You must meet all of the criteria to be considered as a Qualifying Foster Care Charitable Organization under the law.**
 - Sign the certification form by an officer of your organization. The signer should be able to represent the charity in official matters, e.g., the Chief Executive Officer, President, Secretary, Treasurer, Vice-President of Tax, Chief Financial Officer, Chief Operating Officer, Chief Tax Officer, or any other corporate officer who has the authority to bind the organization on matters related to state tax.
2. In the context of the law, describe:
 - The qualifying services your organization provides.
 - “Services” means cash assistance, medical care, childcare, 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.
 - The qualifying population you serve and how you determine eligibility.
 - Residents of Arizona who receive TANF benefits, are classified as low-income residents and/or are individuals who have a chronic illness or physical disability.
 - “TANF” means Temporary Assistance for Needy Families benefits.
 - “Low-income residents” means persons whose household income is less than 150% of the federal poverty level.
 - “Individuals who have a chronic illness or physical disability” means individuals whose primary diagnosis is a **severe physical condition** that may require ongoing medical or surgical intervention.
 - If applying for QFCO, include the number of qualified foster care individuals your organization provides these services for. Program guidelines require a qualified organization to serve at least two hundred qualified individuals.
 - “Qualified individual” means a child currently in the Arizona foster care system or a person who is under twenty-one years of age and who is participating in a transitional independent living program. Individuals being fostered by agencies/organizations outside of the Department of Economic Security (DES) are not considered qualified individuals for purposes of this program. A child must be either:
 - In a foster home with relatives approved by DES.
 - With a child welfare agency licensed by DES Office of Licensing, Certification, and Regulation.
 - How your financial statements demonstrate that at least fifty percent of your operating budget is spent on the services and populations identified for this program.
 - If applying for QFCO, show how you meet the requirement of fifty percent spent on low-income, TANF and/or individuals who have a chronic illness or physical disability **AND** how you meet the fifty percent on qualified individuals in the foster care system. These may be the same fifty percent or a different fifty percent.

INSTRUCTIONS FOR QCO/QCFO APPLICANTS

3. Submit a copy of your financial statements for the prior operating year, indicating the amount spent on services and populations identified in your narrative. For example:
 - Budget, expense report, income statement, or statement of functional expenses, etc. Please note: Federal tax forms (W-2, 990) typically **do not** contain the level of detail necessary.
4. 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.
5. Application materials must be **submitted** electronically or mailed. All appointments must be scheduled in advance, no walk-in appointments.

Email to: QCO@azdor.gov
Use subject: QCO Application – [name of your organization]

OR

Mail to: Arizona Department of Revenue, OERA
Attn: Khadijah Jones
P.O. Box 29099, Phoenix, AZ 85038

Evaluation Process and Follow Up

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:

- You will be notified in writing that your organization meets the criteria to be considered as a Qualifying Charitable Organization or Qualifying Foster Care Charitable Organization.
- You will be sent a Notice of Certification in the mail.

IF YOUR ORGANIZATION DOES NOT QUALIFY:

- You will be notified in writing that your organization does not meet the criteria to be considered a Qualifying Charitable Organization or Qualifying Foster Care Charitable Organization.
- You can reapply as a qualifying charitable organization at a later date. Submit written certification that complies with the criteria of the law.
- You will be provided with information on how you can request an informal meeting to discuss the decision or how you can schedule a formal appeal.

FOR QUESTIONS/CONCERNS

Contact the program administrators: Khadijah Jones or Larry Gulliford

Email: QCO@azdor.gov
Call: (602) 716-6372 ext. 2
Mail: Arizona Department of Revenue, OERA
Attn: Khadijah Jones
P.O. Box 29099
Phoenix, AZ 85038