



Douglas A. Ducey  
Governor

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Director

## INSTRUCTIONS FOR APPLICANT:

### QUALIFYING CHARITABLE ORGANIZATION AND QUALIFYING FOSTER CARE CHARITABLE ORGANIZATION CERTIFICATION

Arizona law provides for taxpayers to claim a tax credit for cash contributions made to Qualifying Charitable Organizations (QCO) that provide assistance to residents of Arizona in meeting basic needs. In addition, a Qualifying Charitable Organization may be considered a Qualifying Foster Care Charitable Organization (QFCO) if it meets additional criteria in serving qualified individuals in the foster care system. The **Credit for Donations made to Qualifying Charitable Organizations**, formerly known as the "Working Poor Tax Credit", has been expanded to include charities that serve a larger segment of the population.

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

1. 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. Organization spends over 50% of its budget to provide qualifying services. As defined in A.R.S. §43-1088.J.5 "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.
3. Organization provides qualifying services to residents of Arizona who receive Temporary Assistance for Needy Families benefits, are classified as low income residents, or are children 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 defined in A.R.S. §43-1088.J.1 "Children who have a chronic illness or physical disability" means children who are under twenty-one years of age and whose primary diagnosis is a severe physical condition that may require ongoing, medical or surgical intervention.

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

1. Spend at least 50% 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.

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## ***Steps to Apply***

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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 requirements to be considered as a Qualifying Foster Care Charitable Organization under the law.**
  - Sign the certification form under penalty of perjury by an officer of your organization. The signer should be able to represent the charity in official matters.
  - Notarize the certification form.
2. In the context of the law, describe:
  - The qualifying services your organization provides
    - “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.
  - 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 children 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.
      - “Children who have a chronic illness or physical disability” means children who are under 21 years of age and 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 individuals” 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 the DES.
        - With a child welfare agency licensed by the DES Office of Licensing, Certification, and Regulation.
  - How your financial statements demonstrate that at least 50% of your operating budget is spent on the services and populations identified for this program.
    - If applying for QFCO, show how you meet the 50% on low income, TANF, or children who have a chronic illness or physical disability **AND** how you meet the 50% on qualified individuals in the foster care system. These may be the same 50% or a different 50%.
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.
  - Budget, expense report, income statement, or statement of functional expenses, etc. **DO NOT** submit federal tax forms (W-2, 990).
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. Mail to: Arizona Department of Revenue, OERA  
Attention: Jaclyn AaronsCooke  
P.O. Box 29099, Phoenix, AZ 85038

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## ***Evaluation Process and Follow Up***

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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**

Email: [QCO@azdor.gov](mailto:QCO@azdor.gov)

Mail: Arizona Department of Revenue, OERA  
Attention: Jaclyn AaronsCooke  
P.O. Box 29099  
Phoenix, AZ 85038

Call: Jaclyn AaronsCooke  
Department of Revenue, OERA  
(602) 716-6282

Elaine Smith  
Department of Revenue, OERA  
(602) 716-6924