

SCHOOLS WE SERVE

Alabama Christian Academy
American Academy of Young Professionals
Awake Community School
Banks Academy
Bessemer Academy
Build Up
The Capitol School
Chambers Academy
Churchill Academy
Conecuh Springs Christian School
Coosa Christian School
Cornerstone Christian School
Cornerstone School of Alabama
Decatur Heritage Christian Academy
Ellwood Christian Academy
Ephesus Academy
Faith Academy
Holy Family Catholic Academy
Holy Family Cristo Rey Catholic High School
Holy Family Regional Catholic School
Holy Spirit Catholic School
Holy Spirit Regional Catholic School
Hoover Christian School
Houston Academy
Huntsville College Preparatory School
Indian Springs School
The Islamic Academy of Alabama
Jefferson Christian Academy
John Carroll Catholic High School
Lincoln Academy
Mars Hill Bible School
Montgomery Catholic Preparatory School
Montgomery Christian School
New Life Christian Academy
Northside Methodist Academy
Our Lady of Sorrows Catholic School
Our Lady of the Valley Catholic School

Prichard Preparatory School
Prince of Peace Catholic School
Restoration Academy
Revelation Christian Academy
Sacred Heart Catholic School – Cullman
Saint John Paul II Catholic High School
Shoals Christian School
Spring Valley School
Springwood School
St. Ann Catholic School
St. Bernard Preparatory School
St. Francis Xavier Catholic School
St. James Catholic School
St. James Catholic High School
St. John the Baptist Catholic School
St. Joseph Regional Catholic School
St. Luke's Episcopal School
St. Rose Academy
Success Unlimited Academy
Sylvan Montgomery
The Islamic Academy of Alabama
Trinity Presbyterian School
Valiant Cross Academy



2022
ANNUAL
REPORT

VISIT [SCHOLARSHIPSFORKIDS.ORG](https://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.



EMPOWERING EDUCATION IN ALABAMA

BOARD OF DIRECTORS

Letter from the Executive Director,

STEPHEN BRIDGERS

SCHOLARSHIPS — for KIDS —

In 2013, our program began with a simple and unique premise: **What if individuals and business owners could have a say in how their tax dollars could be spent?** Over the years, you have invested over \$100 million into the lives of Alabama's students, giving them school choice opportunities they did not previously have.

Many of us take school choice for granted--we have either moved to a specific school district, can afford private schools, or homeschool our children. These opportunities would be beyond the reach of thousands of Alabama families. In over sixty schools across Alabama, you have helped students have a place in a school best suited for their family. As we have shown growth in demand from deserving families from 2020 to 2021, and anticipate even greater growth this year, we need your support more than ever.

We continue to add new schools, new families, and new advocates for this program every year. We are grateful our legislators passed an amendment **which now allows you to give 100% of your state income taxes**, capped at \$100,000 per taxpayer to Scholarships for Kids! Business owners may also take advantage of a program **which allows for them to get a federal deduction when they contribute at the entity level.**

Changing lives at no cost to you seems too good to be true, but it is possible through Scholarships for Kids. On behalf of our board and staff, and most importantly our students, thank you for your past and future support of Scholarships for Kids!



Stephen Bridgers
Executive Director



JOEL DAVIS,
BOARD CHAIRMAN

GARRY ARD
TOMMY BRIGHAM
BRIAN CHRISTINE
MIKE FLINK
KELLIE HOPE
JENIFER KIMBROUGH
TOMMY WELLS
ADAM WEST



TASHA JONES STEELE
Director of School Relations



NICOLE CUNNINGHAM
Partner, Mauldin and Jenkins
CPA and Advisor

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 assists 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.

	2022 FEDERAL INCOME TAX		2022 ALABAMA INCOME TAX	
	NO CREDIT	WITH CREDIT	NO CREDIT	WITH CREDIT
WAGES	90,000	90,000	90,000	90,000
SCHEDULE E - S CORP	327,000	311,000 ⁽¹⁾	327,000	327,000 ⁽³⁾
ADJUSTED GROSS INCOME	417,000	401,000	417,000	417,000
20% QBI DEDUCTION	(65,400)	(62,200)	(65,335)	(62,263)
STATE INCOME TAXES PAID	(10,000)	(10,000)	(6,885)	(6,885)
REAL ESTATE TAXES	(3,000)	(3,000)	(3,000)	(3,000)
MORTGAGE INTEREST	(12,500)	(12,500)	(12,500)	(12,500)
CHARITABLE CONTRIBUTIONS	(2,500)	(2,500)	(2,500)	(2,500)
ITEMIZED DEDUCTIONS	(28,000)	(28,000)	(24,885)	(24,885)
PERSONAL EXEMPTIONS	-	-	(3,000)	(3,000)
TAXABLE INCOME	323,600	310,800	323,780	326,852
INCOME TAX	65,335	62,263 ⁽²⁾	16,109	16,262.60 ⁽²⁾
TAX CREDIT - DONATION TO SFK	-	-	-	16,000
INCOME TAX WITHHELD	25,000	25,000	-	-
ESTIMATED PAYMENTS	15,000	15,000	-	-
INCOME TAXES PAID 2022	40,000	40,000	-	16,000
TAXES OWED (REFUNDED) 2022	25,335	22,263	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:

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.

CORNERSTONE

Cornerstone Schools of Alabama provides a transformational education for children growing up without school choice in neighborhoods with failing school systems. The vision of Cornerstone's founders was to inspire and develop critically thinking and compassionate young people by providing a Christ-centered academic program that is committed to excellence and character development. Cornerstone's teachers work every day to guide students on a path to academic success and to growing in their individual gifts and talents. Cornerstone serves over 700 students in grades K-4 and is the 2nd largest private school in the Birmingham metropolitan area. Over eighty percent of our students qualify for the free and reduced lunch program and 85% are zoned to attend failing local schools.

Participating in the Alabama Accountability Act scholarship program through Scholarships for Kids (SFK) has allowed Cornerstone to grow substantially over the years, providing needed scholarships for more and more Birmingham families to pursue a better education for their children. This school year, 467 of Cornerstone's students received scholarships through SFK. Last school year, 22 of Cornerstone's 35 seniors received SFK scholarships. All these seniors graduated and are now pursuing college degrees, military service, or career programs. Together, they were awarded over \$1.7 million in college scholarships and are now taking steps toward future careers and giving back to their communities.

Dr. Nita Carr

President,
Cornerstone Schools of Alabama

"They are driven by the belief that all students deserve excellence."

HOLY FAMILY CRISTO RAY



**ISISLYNNE CATALAN
LOAEZA**
Student Ambassador and Soccer



AMAYA CUNNINGHAM
Cheer and Volleyball

ST LUKE'S



KARLOS WILLIAMS
is in 10th grade and has been at St. Luke's since 6th grade. He is the step-brother of IamunIQUE, Ethan, Shaniah, and Angela. Karlos is on the Headmaster's List, plays basketball, and was on Student Council in middle school.



IAMUNIQUE BOWIE Alumna, graduated May 2022. IamunIQUE is a recent alumna who was on SFK. She was an excellent student and excelled at basketball. She earned herself a scholarship to Division II Spring Hill College where she will play basketball.



ETHAN BOWIE
is in 10th grade, and this is his first year back at St. Luke's. He plays basketball and is interested in joining chess club.



SHANIAH BOWIE
is in 8th grade, and this is her first year at St. Luke's. She is so kind and helpful, especially to her little sister Angela. Shaniah hasn't joined any clubs yet, but she is going to apply to be a Student Ambassador in the spring.



ANGELA BOWIE
is in 6th grade, and this is also her first year at St. Luke's. She is busy learning the ropes of middle school but has really enjoyed participating in Lunch and Learn.

SCHOLARSHIPS FOR KIDS THE NUMBERS

AVERAGE SCHOLARSHIP

\$6,906.72

AVERAGE FAMILY INCOME

\$27,931.48

Scholarships for Kids, Inc. Statement of Financial Position December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 1,240,327	\$ 15,639,229	\$ 16,879,556
Certificates of deposit	-	1,054,455	1,054,455
Scholarship donations receivable	-	3,857,151	3,857,151
Total assets	\$ 1,240,327	\$ 20,550,835	\$ 21,791,162
Liabilities and Net Assets			
Current liabilities			
Accounts payable and accrued expenses	\$ 22,488	\$ -	\$ 22,488
Total liabilities	22,488	-	22,488
Net assets	1,217,839	20,550,835	21,768,674
Total liabilities and net assets	\$ 1,240,327	\$ 20,550,835	\$ 21,791,162

JOHN CARROLL CATHOLIC HIGH SCHOOL

Catholic social teaching speaks a lot about education. We understand education as a basic human right that is the responsibility of all. We understand parents as having priority and the obligation to make good educational decisions for their children.

We also believe “school choice must be made freely and according to conscience” with the state, “responsible for supporting families in their right to choose a school and an educational project.” Because of our moral commitment to offering the choice of a Catholic secondary education to families in the greater Birmingham area, John Carroll Catholic High School invests a significant portion of our resources into financial aid. These resources that could be used to enhance the education of a few are instead directed to ensuring that the school is accessible to more. Yet, even with this annual investment in financial aid, we know that need remains and that there are families who want to choose a John Carroll Catholic High School education for their children and cannot afford it.

That’s why we are so appreciative of Scholarships for Kids who enabled 27 students who otherwise would not be able to choose us as their educational choice. We are so appreciative of the many donors to Scholarships for Kids who allow us to offer this choice to families throughout Birmingham. The active engagement of these students enhances our educational community, and this partnership honors our core commitments. That’s why we are proud to partner to Scholarships for Kids and why I am a donor.

“We are so appreciative of the many donors to Scholarships for Kids who allow us to offer this choice to families throughout Birmingham.”

FR. JON CHALMERS
Executive Vice-President,
John Carroll Catholic High School
Pastor, Prince of Peace Catholic Church

