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# EITC AND OSTC

Educational Improvement Tax Credit

Opportunity Scholarship Tax Credit

2019-2020



## **Would you rather pay taxes to the state or provide scholarships for deserving children?**

In 2001, the Pennsylvania legislature passed legislation,  
called the Educational Improvement Tax Credit (EITC).

In 2012, they approved the Opportunity Scholarship Tax Credit (OSTC).  
Learn how your business can receive tax credits through these programs to apply  
for up to \$400,000 per year in grades K-12 tax credits,  
and up to \$150,000 per year in pre-K tax credits.



The heart of the **Principle Approach®** teaches students to reason from biblical truth, or *principles*, and to make application to every area of life. In the setting of the Christian school, these principles are initially taught within the context of the various school subjects, offering a clear picture of the character and nature of the God who authored them. Students engage in the 4Rs of learning—*Research, Reason, Relate, and Record*—as a methodology that builds a biblical worldview. The *notebook* is developed as a record of a living curriculum, taught and modeled by the teacher, as well as researched and reasoned by the student. The notebook becomes a resource for future learning, while providing evidence of lasting scholarship.

#### *Classical Curriculum*

The Principle Approach employs a classical curriculum that includes logic, rhetoric, Latin and Greek, classical literature, and the providential view of history. Principle Approach education embraces the liberal arts as a means of forming the whole person through studies in the sciences and humanities, the fine and performing arts, and athletics.

The Principle Approach is the kind of education that prevailed during America's first two hundred years. This method produced men and women who were able to reason from biblical principles of government to form the world's first Christian constitutional federal republic—The United States of America. This great experiment was built upon the Christian ideas of God, man, and government, and it afforded the greatest degree of liberty for the individual experienced up to that time. The biblical principles upon which America was founded include:

- ★ God's Principle of Individuality
- ★ The Principle of Christian Self Government
- ★ The Principle of Sowing and Reaping
- ★ The Principle of Christian Character
- ★ The Christian Principle of Civil Government
- ★ The Christian Principle of Private Property
- ★ The Principle of Unity

Dayspring is uniquely prepared to raise our children to be prepared academically, to think critically, to have liberty of heart through Jesus Christ. Dayspring's mission has always been to renovate our nation by restoring its Christian worldview, its Gospel purpose, and its educational practices. In a sense our mission *is* America and we get there by equipping our students to be capable, thinking Christians who are ready to lead.

Every day Dayspring shines a light into a child's heart. Every day we are preparing those who will help restore our nation to her historic and God-given purpose to be "a shining city on a hill."<sup>3</sup>

<sup>3</sup>Ronald Reagan, Farewell Address, Washington, D.C., January 11, 1989.

# EITC

*Could this be true?*

*Instead of sending my tax dollars to the state of Pennsylvania,  
I can give them to a private school of my choice? Really? Yes!*

**M**any in the Pennsylvania state legislature have called the EITC program the best educational initiative passed in Pennsylvania in the past 16 years. Funds for the program come from businesses that make contributions to non-profit scholarship or educational improvement organizations. Since the program's inception in 2001, more than 30,000 companies have pledged in excess \$812 million to EITC organizations. The program benefits both public and private schools in Pennsylvania, and actually saves the state money – each student attending private schools saves the state approximately \$12,000 in education costs. If all 44,000 students receiving EITC scholarships would re-enter the public school system, it would cost Pennsylvania taxpayers an additional \$531.6 million per year. The EITC program has received bipartisan support since its inception. Call 717.285.2000 or email [jmartin@dayspringchristian.com](mailto:jmartin@dayspringchristian.com) for more information.





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# EITC-OSTC

We would like to thank the many generous businesses in Pennsylvania that have supported Dayspring Christian Academy through the Educational Improvement Tax Credits (EITC) and the Opportunity Scholarship Tax Credits (OSTC). Through these two programs, Dayspring was able to provide tuition assistance to 100 students during the 2018-2019 year. EITC and OSTC application deadline for 2019 is July 2. Deadline for the two-year commitment is May 15. Companies interested in learning more about these two beneficial tax credit programs can contact Joanne Martin. A heartfelt thank you to the companies listed here that have invested in Dayspring Christian Academy and our students through EITC and OSTC:

## **OSTC:**

Gamber Glass Container, Inc.  
Garden Spot Mechanical, Inc.  
Garden Spot Electric, Inc.  
Baron Properties, LLC  
Levi's Building Components  
Northwest Bank  
PA Messenger Solutions, Inc.  
UHS of Pennsylvania, Inc.  
Rodgers & Associates  
Thomas Trading, Inc.

## **EITC:**

Gibbel Kraybill & Hess  
Lift, Inc.  
McClarigan CPAs and Advisors, LLC  
Rohrer Dairy Farms, LLC  
Ephrata National Bank  
Univest Bank & Trust Co.  
Engle Printing & Publishing Co., Inc.  
Donegal Mutual Insurance Company  
Hershey Advisors, PC  
D.H. Funk & Sons, LLC  
BB&T  
Fisher's Deli, LLC  
Fulton Bank  
Sharp Properties, LP  
Lantz Insulation, Inc.  
Workman Funeral Homes, Inc.  
Mid Penn Bank  
J M Lapp Plumbing & Heating, LLC  
Integrated Metal Products (Adv. Alternatives)

## **PreK EITC:**

Lift, Inc.  
Orrstown Bank  
Ephrata National Bank

# EITC Facts

EITC is a tax credit for Pennsylvania businesses that redirect tax dollars to an approved scholarship organization. ***The Dayspring Christian Academy Scholarship Organization will then award scholarships to families across Pennsylvania to assist their children in attending the school of their choice.***

## **Businesses that can participate:**

Corporations  
S-Corporations  
Partnerships  
LLPs  
LLCs

## **Companies can claim against:**

PA Corporate Net Income Tax  
PA Capital Stock and Franchise Tax  
PA Bank and Trust Company Shares Tax  
PA Title Insurance Companies Shares Tax  
PA Insurance Premiums Tax  
PA Mutual Thrift Institutions Tax  
PA Personal Income Tax, S-Corp. Shareholders,  
Partners in a General or Limited Partnership, or PA Business Income

## **How much PA Tax Credit may a business receive?**

- 75% tax credit up to \$400,000 if the business chooses the K-12 program
- 90% tax credit up to \$400,000 if the business elects a two-year commitment for the K-12 program
- 100% tax credit up to \$10,000 and 90% thereafter if the business chooses the pre-K program. Not to exceed \$150,000

## **How does the business participate?**

- Visit [www.newpa.com](http://www.newpa.com) for the latest information on how to apply for the EITC tax credit
- Once you apply, you will receive a letter within a few weeks from the state approving the tax credit.
- Write the check to DCA Scholarship Organization within 60 days from the date of the approved state letter.
- Receive a receipt letter from DCA Scholarship Organization and fax the letter to the state.

## **Does the business continue to pay in their state tax estimates if they expect to receive a PA Tax Credit?**

- The business could reduce the amount of estimates they pay in by the amount of tax credit they expect to receive from the EITC tax credit. Contact your tax accountant to verify what your adjusted estimated tax payments should be.

## **In what year does the Tax Credit apply to the PA Taxes of the business?**

- The year the business sends the check to DCA Scholarship Organization is the tax year in which the PA Tax Credit will be applied.

# OSTC Facts

## Opportunity Scholarship Tax Credit

*Assistance for students  
in Pennsylvania's lowest achieving schools*

### Opportunity Scholarship: Dayspring and Your Business Working Together

In the summer of 2012, the Pennsylvania General Assembly passed a measure that allows parents of students in a failing school to choose something better for their children. The Opportunity Scholarship Tax Credit (OSTC) allows your business to redirect your business tax dollars to approved schools, like Dayspring Christian Academy. Your business's redirected tax dollars are used to fund scholarship programs for students who live in areas served by the lowest achieving 15% of Pennsylvania's public schools and who meet specific income criteria. To see the list of low-achieving schools, go to [www.education.state.pa.us](http://www.education.state.pa.us) and click



Please note: ***Businesses that already participate in the EITC program can also participate in the OSTC program!*** Thank you for considering this important opportunity to help students in failing schools receive a high quality, Christian education of their choice!

### Want to get involved in OSTC?

Go to <https://www.esa.dced.state.pa.us> to apply  
or contact Joanne Martin at Dayspring Christian Academy (717.285.2000) for assistance.  
You can also complete the steps in the following table to fill out the OSTC online application.

### To Begin the OSTC Application: Process:

Step	Action
1	<p>Go to <a href="http://www.esa.dced.state.pa.us">www.esa.dced.state.pa.us</a> to access Pennsylvania's Single Application for Assistance.</p> <p>If you are a new user to Pennsylvania's Single Application, click the Register button to create your user name and password. Follow the steps to create your user name and password, add information about your company, log in, and go to step 2.</p> <p>If you previously used Single Application for Assistance, enter your user name and password in the User Name and Password fields. Click Login.</p>
2	<p>When you sign in, the system displays the Begin a New Application screen.</p> <p>In the Project Name field, enter <b>OSTC – Dayspring</b>.</p> <p>Select <b>No</b> in the Do You Need Help Selecting Your Program field, then click Create A New Application. Follow the online instructions from there.</p>



# EITC AND OSTC FACT SHEET

## *What you should know:*

- As a pass-through entity, an LLC is eligible to apply for and receive PA tax credits through both the Educational Improvement Tax Credit Program (EITC) and the Opportunity Scholarship Tax Credit Program (OSTC).
- If they elect to, an LLC can apply approved tax credits against the LLC's state capital stock tax liability  
⇒ An election can also be made to pass the remaining tax credits onto individual LLC members based on their percentage of ownership, to be used against their personal PA tax liability (but not their spouses tax liability unless they are owners as well).
- The LLC provides a PA RK-1 form to each member on a yearly basis which will indicate their share of the income from the LLC as well as their share of the EITC or OSTC tax credit that they can use.
- An LLC can make multiple applications during their tax year, provided they have enough PA tax liability to absorb whatever credit they are awarded.  
⇒ If an LLC or its members have already filed estimated tax payments before they receive an approved EITC or OSTC credit, they can receive a refund of any overpaid taxes in the business year for which the credit is approved.

LLC Sample Calculation	No Contribution	2 yr. 90% EITC or OSTC
Net LLC Income Before Contribution	\$310,000	\$310,000
EITC Contribution	\$0	\$9,000
PA Personal Income Tax	\$9,517	\$9,517
EITC Available for PA Personal Income Tax Liability	\$0	\$8,100
Net cost to LLC for contribution	\$0	\$900

*This information was reviewed by Dayspring Christian Academy's accounting firm.  
Please contact your tax accountant for a more detailed explanation.*

# SPECIAL PURPOSE ENTITY (SPE) FACTS

Recently, Pennsylvania allowed for a new kind of business partnership, a Special Purpose Entity (SPE). SPEs are opportunities that allow businesses and individuals to redirect PA tax dollars to an approved scholarship organization.

## **What is a Special Purpose Entity?**

A Special Purpose Entity or SPE is a new class of pass-through partnership that exists solely for the purpose of earning Educational Tax Credits (ETC) or Opportunity Scholarship Tax Credits (OSTC). It is easy to get tax credits by simply joining an SPE by signing a joinder agreement, which reserves your tax credits for the year. You complete the process by investing with the SPE after the SPE receives their award letter from the State. These contributions need to be made within a relatively short window of time (generally 60 days) from the SPE notice.

SPE's allow a new group of individual donors to participate and receive ETC/OSTC tax credits along with an alternative way for business owners to receive individual ETC/OSTC tax credits. These ETC/OSTC tax credits can offset an individual's joint or single PA tax liability allowing the individual to redirect their personal PA taxes to Dayspring Christian Academy as tuition scholarships.

**The Special Purpose Entity SPEs comprised of multiple investors would make a donation to the Dayspring Christian Academy Scholarship Organization. Once the contribution is received Dayspring's scholarship committee will award scholarships to families to assist their children in attending Dayspring Christian Academy.**

## **How much PA Tax Credit may a business owners OR individual receive?**

One of the unique requirements of the SPE is that you agree to participate for a two year window. Therefore, you would receive a 90% tax credit for each of the two years.

If the SPE happens to have an open position from a prior tax credit award, it is possible that you could receive a 90% credit for a single year commitment.

## **In what year does the tax credit apply to the PA taxes of the business owners OR individual?**

The year the business or individual sends the check to the Special Purpose Entity (SPE) is the tax year in which the tax credit will be applied.

## **How does a business owner or individual participate?**

Complete a joinder agreement provided by the Special Purpose Entity. This reserves your participation with the SPE.

Once the SPE is awarded tax credits by the State, write the check to the SPE within a few days.

SPE will send investors a K1 by March 15<sup>th</sup>.

Contact Dayspring Christian Academy if you are interested in learning more on how you can participate in a Special Purpose Entity (SPE) while supporting Dayspring Christian Academy.



# EITC Business Profile



Breaking Ground on New Opportunities

## D.H. Funk & Sons LLC

D.H. Funk & Sons LLC (DHF) is a family-owned-and-operated excavating contractor. Since 1975 we have been providing services for commercial, residential, and public projects in Southeast & Central Pennsylvania. Our extensive experience allows us to continually deliver quality workmanship on time and at a competitive price. The size, diversity and complexity of our projects are challenges we welcome and thrive on. We believe that continually training our employees, both in their workmanship and with our respectable Safety Program, gives us an edge to continue being the premier site development excavating company. We strive to maintain our foundation that is focused on trust, relationships, morals, and ethical values.

DHF was founded by Donald H. Funk who created the company by putting others first and has passed that value on to the second generation (Dennis, Douglas, Phillip) and now third generation (Jordan, Nathaniel, Brian) of owners. Our morals and values run deep within our family, and our company, and we strive to represent them in everything we do. Our Mission is breaking ground on new opportunities; raising the standard through leadership, innovation, persistence, and virtue. We believe in being stewards to the community, using what God has entrusted us with. We encourage our employees to do likewise, presenting opportunities for them to show their stewardship and share their resources.

DHF supports the principles and goals of Dayspring Christian Academy and believes that the EITC and OSTC programs create great opportunities to support them.

# OSTC Business Profile



**GARDEN SPOT ELECTRIC GARDEN SPOT MECHANICAL**



## GARDEN SPOT ELECTRIC & GARDEN SPOT MECHANICAL

For almost 50 years, Garden Spot Electric has been meeting the needs of commercial, industrial, and public works clients. The company was founded upon the Christian principals of honesty, integrity, and doing the job right. Started in 1967, Garden Spot Electric is in its second generation of leadership. Clayton and Tony Good oversee the company's operations today. The two brothers work hard to maintain the principles that were the original foundation of the company. Those principles have allowed us to grow into one of the industry leaders today.

About 10 years ago, two other brothers who were working in the HVAC and plumbing field, wanted to start a business. Combining their expertise in the mechanical trades with Garden Spot Electric's well respected name and backing, Garden Spot Mechanical was formed in 2006. It began with Dean and Dwayne Eberly's roots in the commercial and design build markets and has resulted in serving commercial, industrial, and residential service departments.

Today the Garden Spot companies like to give back to the community in many ways. Giving through the OSTC scholarship program is one way. We also strongly encourage our employees to give of their time in their communities and churches. We strongly support the principles of Dayspring Christian Academy. We are glad to help support the next generation of Christian leaders.





Before we restore America . . . we must remember.

The Remember America® Speaker Series is a premiere event that draws people from throughout south central Pennsylvania and beyond. Remember America is designed to remind Americans of their unique heritage of liberty that was founded upon biblical principles.

Over the past seven years, the events have reached more than 18,000 people. Connect with our audience through event sponsorships that help bring this important mission and message to life.

Call 717.285.2000  
for Remember America sponsorship information.  
[DayspringChristian.com](http://DayspringChristian.com)

## Remember America Speakers



*Rick Green*



*Michael Reagan*



*Dr. Marshall Foster*



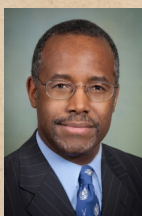
*Glenn Beck*



*Erick Stakelbeck*



*Marcus Luttrell*



*Dr. Ben Carson*



*Franklin Graham*



*David and Jason Benham*



*Dana Loesch*



*Alveda King*



*Lt. Gen.  
Jerry Boykin*



*Jay Sekulow*



*Eric Metaxas*



*Trey Gowdy*



*Shannon Bream*



## Would you like to leave a LEGACY of restoration?

Supporting Dayspring Christian Academy with a planned gift enables you to reach into future generations and raise up students who live out Christian character, excel in academics, and who are ready to lead, serve, and restore.

*If you would like to learn more about Dayspring's planned giving program,  
please call Joanne Martin at the school at 717.285.2000  
Or email [jmartin@dayspringchristian.com](mailto:jmartin@dayspringchristian.com).*

Dayspring Christian Academy gratefully acknowledges  
Engle Printing & Publishing Co., Inc., for their work with the school.  
We appreciate Engle's professionalism, excellence, and generosity.



**DAYSPRING**  
— CHRISTIAN ACADEMY —

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120 College Avenue Mountville, PA 17554 717.285.2000  
[DAYSPRINGCHRISTIAN.COM](http://DAYSPRINGCHRISTIAN.COM)



DAYSPRING CHRISTIAN ACADEMY



@DAYSPRINGCA



DAYSPRING CHRISTIAN

*Dayspring Christian Academy admits students of any race, color, national and ethnic origin to all the rights, privileges, programs, and activities generally accorded or made available to students at the school. It does not discriminate on the basis of race, color, national and ethnic origin in administration of its educational policies, admissions policies, scholarship and loan programs, and athletic and other school-administered programs.*  
(The official registration and financial information of Dayspring Christian Academy may be obtained from the Pennsylvania Department of State by calling toll-free, within Pennsylvania, 1-800-732-0999. Registration does not imply endorsement).