NEIGHBORHOOD ASSISTANCE PROGRAM 2020 POST-AWARD WEBINAR

July 16, 2020

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Congratulations on receiving 2020-21 Neighborhood Assistance Program Tax Credits!

AGENDA

1. Intro to IHCDA
2. NAP Summary and Review
3. Contribution Policy
4. Eligible Donors
5. Eligible Donations
6. Record Keeping
7. Reporting
8. Tax Preparation
9. Contacting IHCDA
10. Next Steps

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OUR VISION FOR INDIANA

An Indiana with a sustainable quality of life for all Hoosiers in the community of their choice.

OUR MISSION

To provide housing opportunities, promote self-sufficiency, and strengthen communities.

NAP SUMMARY

The Neighborhood Assistance Program is a program of the State of Indiana that provides $2.5 million tax credits annually to non-profit organizations for distribution as a fundraising and capacity building tool.

NAP credits are worth 50% of the value of a contribution and are deducted from a donor's **state** tax liability.

Donations are reported to IHCDA, which prepares and sends donor report to the Indiana Department of Revenue (IDOR), which applies the credit to the donor's state tax liability.

NAP is created by Indiana Code 6-3.1-9.

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2020-2021 Program Timeline

ACTIVITY	DATE
Awards Announced	June 22, 2020*
Grant Agreement Issued by	July 2, 2020*
Grant Agreements Returned	July 10, 2020*
Start Selling Credits (once agreement is signed)	July 1, 2020
60% Benchmark	December 31, 2020
Mid-Year Donor Report Due	January 18, 2021
100% Benchmark	March 31, 2021
End of Year Donor Report Due	April 19, 2021
Funds Spent	September 15, 2021
Close-Out Report Due	September 27, 2021

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AWARD PROCESS

The formula below is used to determine the value of an applicants NAP award. Elements such as the total available credits and the requested credit amount by approved applicants are taken into account.

This means that the amount of credits you receive is based on the total amount that has been requested and your agency's individual request, rather than IHCDA's discretion

$$\left(\frac{\text{Total Available Credits (\$2.5 million in 2016)}}{\text{Total Requested Credits}} \right) = \text{Allocation Percentage} \times \text{Applicant Requested Credits} = \text{Award Amount}$$

NAP AGREEMENT

All 286 approved and participating agencies should have e-signed their NAP agreement and received a final copy when IHCDA signed it.

The rules you must follow above all else are in your agreement – the manual and other guidance come second.

Information to find in your agreement, Exhibit A:
- Award Number – VERY IMPORTANT
  - 2020-NP-XXX
  - Will use for reports and when contacting IHCDA with questions
- Credit Limit = awarded credits
- Reporting Deadlines
- Consequences for missed deadlines

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NAP AWARD VS. FUNDS RAISED

The credits you have to distribute are referred to as your "award," which is listed under the "Credit Limit" section of Exhibit A of your agreement

The funds you raise (if you sell all your credits) should be 2x the amount of credits you are awarded

Examples
- If you were given $11,399, when you sell all your credits, you'll raise $22,798.
- If a donor gives you $200 as a contribution, they should receive $100 in credits
- If you want to distribute $1,500 in credits to a donor, they need to contribute $3,000

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CONTRIBUTION POLICY

Awardees may begin accepting contributions on July 1, as long as they have a fully executed Grant Agreement has been returned by IHCDA.

Credits for donations can only be claimed in the calendar year that the donation was made in.
- This means that for your 2020-2021 credits, if a person donates in 2020, they will claim the credit on their 2020 taxes.
- If they donate in early 2021, they will claim the credit on their 2021 taxes.

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ELIGIBLE DONORS (MANUAL PG. 14-16)

Organizations or Corporations

- Organizations and corporations are welcome to make NAP tax credit eligible contributions.
- Additional steps or information may be required when reporting these contributions, based on whether the organization or its shareholders claim the credits.

Families or Couples

- See manual for how to treat donations and credits if a couple files jointly or separately

Donor advised funds

- See manual for how to treat donations from donor advised funds *(July 17 update)*

No charitable organizations or foundations!

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ELIGIBLE DONATIONS (MANUAL PG. 16 – 18)

Eligible Contributions:
- Cash
- Check
- Credit Card
- Stock (which has been liquidated)
- Contributions designated through United Way (minus United Way's cut)
- In-kind donations - exclusively building materials to be used in the NAP-funded program
- Property donations - must be used for or pertain to the current NAP activity.

Ineligible Contributions
- Services (sweat equity), supplies, and equipment are not eligible in-kind donations
- Donations from charitable organizations and foundations
- Membership dues or fees

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CONTRIBUTION LIMITS

Multiple donations are allowed, to one or many organizations
- If multiple donations are made to one agency, and all donations are credit-eligible, then the donor should receive a contribution form for each donation

A single donor may only claim up to $25,000 in total credits (for $50,000 in donations) each calendar year, even if they donated to multiple organizations. Anything beyond that will not be honored.

Donations need to be at least $100, for a $100 credit, UNLESS an agency has less than $50 left in credits *(July 17, 2020 update).*

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WHEN DONATION > AVAILABLE CREDITS

Sometimes, a donor will want to contribute more than you're able to honor with credits. Accept the full donation! But reflect the amount the donor will actually receive in the Donor Contribution Form:

Credit Computation			
(Contributor must sign below, provide proof of payment and/or a statement of the value of all services and materials donated)			
Date of contribution	Agreement Number		
1. Total Amount of contribution. *Describe type:* _____		1.	$
2. Multiply line 1 by 50% (x .50)		2.	$
3. Tentative amount of credit: lessor of line 2 or $25,000* or organization's remaining available credits		3.	$
4. *NAP Eligible Contribution to be reported to IHCDA and IDOR: multiply line 3 by 200%, (x 2)*		4.	$

*most times, 1 = 4 and 2 = 3

WHEN DONATION > AVAILABLE CREDITS

Examples:

1. NAP Agency A has $5,000 left in credits, Donor contributes $10,000 = Donor receives agency's remaining $5,000 credits

2. NAP Agency B has $5,000 left in credits, Donor contributes $12,000 = Donor receives agency's remaining $5,000 credits

3. NAP Agency C has $5,000 left in credits, Donor has already contributed $48,000 to other NAP agencies, and contributes $10,000 to NAP Agency C = Donor may only claim $1,000 of NAP Agency C's credits

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REQUIRED RECORD KEEPING

All	Donor Contribution Forms (now a program requirement); one copy for the agency, one copy for the donor
Cash or Credit Card Donations	Receipt copies (or letters)
Checks	Copies of the checks
Stock Donations	Copies of stock transaction reports/pages and thank you letters
United Way Designations	Copies of donor designation, documentation of receipt of donation, and/or employer paystubs from the donors
In-Kind Donations	Receipts showing the building material value, and receipts or thank you letters detailing the donation
Property Donations	Copy of the deed, current appraisal, and receipt

Donor Acknowledgement Form = optional disclaimer

Records should be kept for at least five years after your contract ends

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REPORTING DONOR CONTRIBUTIONS

Each NAP recipient agency will be responsible for reporting donor contributions into IHCDAOnline

The donor's information from the Contribution Form will be input into the online system.

IHCDA will submit a statewide report with the donors' information to the Department of Revenue (IDOR) each January, based on the 60% Benchmark Report and last round's 100% Benchmark Report.

- This electronic report replaces the donor's obligation to submit forms to IDOR, **including the NC-10**.

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WHY IS REPORTING IMPORTANT?

It assists the state with keeping track of how many credits have been sold and helps ensure we don't allocate more than allowed.

It allows IHCDA to monitor the progress of NAP recipients and tax credit selling benchmarks.

Most importantly, it provides the documentation for reporting donor credits information IDOR.

It's very important that reporting is done correctly!!

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REPORTING PROCESS

All NAP award recipients will be required to submit up to **three reports** per NAP award: 60% Benchmark, 100% Benchmark, and Expenditure Close-out Report.

All contributions must be reported at **IHCDAOnline** for either the 60% and 100% Benchmark reports. Those reports will ask for the following information:

- Contributor Name
- Contributor Address
- Contributor Tax ID (Social Security or Business Tax ID Number)
- Date of Contribution
- Amount of Contribution

The Close-Out Report on how funds are spent will be completed on Jotform.com

<u>ALL THREE REPORTS ARE REQUIRED</u>, unless an agency distributes 0 credits. Missed or late reports lead to loss of eligibility

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60% BENCHMARK / FIRST-HALF REPORT

Reflects all donations received between July 1 and December 31, 2020.

The first report of the NAP cycle is due on January 18, 2021.

This report must reflect a sale of a minimum of 60% of each organization's total credit allocation.

- If this benchmark is not met or the report is submitted (in full) late, **the agency will lose eligibility for the following program year**

This report is electronic and is submitted via Online.IHCDA.in.gov.

***Please see the "NAP Reporting Instructions" document on the NAP webpage: https://www.in.gov/ihcda/4109.htm**

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DEALLOCATION/REALLOCATION

In the past, if an organization did not meet the 60% benchmark by December 31st, and/or submitted its benchmark report late, any unused credits would be deallocated and reallocated to organizations that had sold 100% of their credits.

In practice, only around 30 organizations would face deallocation, while over 100 would be eligible for reallocation, which led to reallocation contracts for less than $500 in credits.

Given the amount of time this process takes and how few credits are involved, IHCDA may NOT do this if the total credits available for reallocation is below a certain amount.

Agencies eligible for deallocation will still lose eligibility in the next program round, but they may have the opportunity to sell the remainder of their credits in the current program year.

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100% BENCHMARK / SECOND-HALF REPORT

Reflects all donations received between January 1 and March 31, 2021.

The second report of the NAP cycle is due on April 19, 2021.

This report must reflect the sale of 100% of each organization's total credit allocation.

Organizations who are unable to sell 100% of their allocated tax credits, or who submit their report (in full) late will not be eligible for the following NAP round. They can sell their remaining credits until June 5, 2021.

Organizations that sold 100% of their credits by December and reported them in January do not need to complete this report.

***Please see the "NAP Reporting Instructions" document on the NAP webpage: https://www.in.gov/ihcda/4109.htm**

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EXPENDITURE CLOSEOUT REPORT

This report details how the funds raised were used (by September 15), based on the application submitted.

It will describe the impact that funds had on a local program, clients, or community.

The final 2020-2021 Close-Out Report is due on September 27, 2021.

This report is done on Jotform.com; the link will be emailed out later in the year.

Late reports will result in loss of eligibility for the 2022-2023 program round; no report will result in the loss of eligibility for the next three program rounds.

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CLAIMING THE NAP CREDITS

If your donor's tax credits are denied by the Indiana Department of Revenue, the donor will most likely notify you. The following steps should be taken:

- Verify that the contribution was made.
- Verify that the contribution was reported.
- Verify that the information reported was accurate.
- Verify that the donor isn't trying to claim more credits (total) than allowed

If the credit was not reported or reported incorrectly, then the organization will need to

1. Email IHCDA to have their report re-opened
2. Enter the information into the report
3. Let IHCDA that additional credits were entered. IHCDA will then submit the additional info to IDOR.

If the credits were reported properly, then IHCDA will review the report and work with IDOR about the reporting.

Agencies should not send donors to IDOR without prior review of the information by IHCDA.

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CONTACTING IHCDA

If you have a **program question**, first review your contract, the manual and the documents provided on IHCDA's website: https://www.in.gov/ihcda/4109.htm

If you can't find your answer in those resources, or if you find conflicting information, please EMAIL us at nap@ihcda.in.gov.
- Include your organization, your contract number, and the exact report if it's a reporting-related question

If you end up having to call Veronica or Veda, please preface your call with "I have a NAP-related question" and have your organization and contract number handy
- We may still ask you to email us

If you have a question about using IHCDAonline, please email our claims department at claims@ihcda.in.gov.

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NEXT STEPS

Register on IHCDAOnline if you and/or your organization hasn't already

- Follow the instructions on the NAP Reporting Document

- Do this before your 60% Benchmark Report is due, and contact Claims if you have issues

- Do this now and work through issues when you have time, rather than flooding Claims' phone and email inboxes right before the 60% Benchmark is due – **asking for help the day a report is due and not receiving an answer in time to submit is NOT an allowable excuse for a late report**

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Thank you for participating in this webinar.

If you have any unanswered questions, please contact us at NAP@ihcda.in.gov

A digital copy of this webinar will be available shortly on the IHCDA website at www.IHCDA.in.gov.