FORM
SGO
INSTRUCTIONS

ALABAMA DEPARTMENT OF REVENUE
INSTRUCTIONS FOR THE PREPARATION OF
Scholarship Granting Organization Annual Report

2025

General Information

Section 16-6D-9, *Code of Alabama 1975*, provides for Scholarship Granting Organizations (SGO) to report certain information in connection with its scholarship grants.

When To File

ORIGINAL DUE DATE. The annual report is due on or before September 1 of each year. If the due date falls on a Saturday, Sunday, or state holiday, the return will be due the following business day.

How To File

REQUIRED ATTACHMENTS. All sections of this form must be completed and all required attachments attached to be considered to be a properly filed return. Act 2013-64, as amended by Act 2013-265 and Act 2015-434, and Rule 810-3-61-.05, require the SGO to attach certain documentation to the annual report. The following are required: 1) A financial report prepared by a certified public accountant, 2) Federal Form 990, Return of Organization Exempt from Income Tax, 3) A description of the action taken if the SGO has received any complaints of discrimination, and 4) Written verification from qualifying non-public school that the school complies with certain policies and laws.

Signature

OFFICER INFORMATION. The return must be signed by the principal officer of the SGO. Enter the date signed and the title of the person whose signature is affixed.

PREPARER INFORMATION. The annual report must be prepared and signed by a certified public accountant (CPA).

Where To File

Mail this completed form and attachment to: Alabama Department of Revenue, ATTN: Educational Scholarship Program, P.O. Box 327010, Montgomery, AL 36132-7010.

If you have any questions pertaining to the administration of this form or related to the Educational Scholarship Program in general, please contact the Alabama Department of Revenue at (334) 353-0602 or (334) 353-9770. More information on the Accountability Act can be found at http://www.revenue.alabama.gov/ accountability/.

Specific Instructions

Section I – Scholarship Granting Organization (SGO) Information

At the top, fill in the blanks indicating the beginning date of the reporting period for the annual report.

Enter the name, federal employer identification number, mailing address, telephone number and email address of the SGO.

Section II – Donation Information

LINE 1. Enter the total number of donations received during the report year. The total number of donations received should match the number of individual donors verified and entered into My Alabama Taxes as required by Rule 810-3-61-.04.

LINE 2. Enter the total amount of donations received during the report year. The total amount of donations received should match the amount received from donors verified and entered for this report year into My Alabama Taxes as required by Rule 810-3-61-.04.

NOTE: Attachment 1 – Alabama Accountability Act Demographics Spreadsheet needs to be completed before beginning Section III.

Attachment 1 – Alabama Accountability Act Demographics Spreadsheet

This schedule will only be available as an Excel Spreadsheet. This spreadsheet can be found on the Alabama Accountability page at http://www.revenue.alabama.gov/accountability/.

Section III – Scholarship Information

TOTAL EDUCATIONAL SCHOLARSHIPS AWARDED (ACTUALLY PAID OUT) AND FUNDED

LINE 1. Enter the total number of educational scholarships awarded and funded. Enter the amount shown on Attachment 1, page 1, line 3a.

LINE 2. Enter the total amount of educational scholarships awarded and funded. Enter the amount shown on Attachment 1, page 1, line 3b.

STUDENTS QUALIFYING FOR FEDERAL FREE AND REDUCED-PRICE LUNCH PROGRAM

LINE 3. Enter the total number of educational scholarships awarded and funded to students qualifying for federal free and reduced-price lunch program. Enter the amount shown on Attachment 1, page 1, line 2a.

LINE 4. Enter the total amount of educational scholarships awarded and funded to students qualifying for federal free and reduced-price lunch program. Enter the amount shown on Attachment 1, page 1, line 2b.

FIRST-TIME RECIPIENTS

LINE 5. Total number of first-time scholarship recipients. Enter the total number of students from Attachment 1, page 1, line 1a.

LINE 6. Total number of first-time scholarship recipients that were continuously enrolled in a public school for the entire previous academic year. Enter the total number of students from the Attachment 1, page 1, line 1b.

LINE 7. Percentage of first-time scholarship recipients continuously enrolled in a public school for the entire previous academic year. Divide line 6 by line 5.

LINE 8. Total number of first-time scholarship recipients not continuously enrolled in a private school and not zoned for a priority school for the entire previous academic year. Enter the total number of students from Attachment 1, page 1, line 1c.

LINE 9. Percentage of first-time scholarship recipients not continuously enrolled in a private school and not zoned for a priority school for the entire previous academic year. Divide line 8 by line 5.

LINE 10. Total number of first-time scholarship recipients that were continuously enrolled in a private school for the entire previous academic year. Enter the total number of students from Attachment 1, page 1, line 1d.

LINE 11. Percentage of first-time scholarship recipients continuously enrolled in a private school for the entire previous academic year. Divide line 10 by line 5.

LINE 12. Percentage of first-time scholarship recipients not continuously enrolled in a private school for the entire previous academic year. Subtract line 11 from 100%. (100% - line 11).

Section IV – Cumulative Donations and Expenditures

LINE 1. Total donations received during the current academic year. Enter the amount shown on page 1, Section II, line 2a.

LINE 2. Enter the total donations received during all previous years in which the SGO has operated.

LINE 3. Cumulative amount of donations received for current and all previous years. Add lines 1 and 2.

LINE 4. Limitation on allowable non-scholarship expenditures. Multiply line 3 by .05 and enter amount on this line.

LINE 5. Total amount of allowable non-scholarship expenditures made during the current academic year. Add Section V, lines 5 and 10 and enter the total on this line.

LINE 6. Enter the total amount of allowable non-scholarship expenditures made during all previous years in which the SGO has operated.

LINE 7. Cumulative amount of allowable non-scholarship expenditures for current and all previous years. Add lines 5 and 6.

Section V – Reconciliation of Unexpended Scholarship Funds

Unexpended scholarship funds is the amount of scholarship funds which have not been paid out, promised or otherwise committed for a particular student.

LINE 1a. Enter the scholarship funds on hand, as of July 1, 2024.

LINE 1b. Enter the amount of commitments for the upcoming school year, as of July 1, 2024. This amount includes scholarship funds which have been promised or otherwise committed for a particular student but have not been paid.

LINE 1c. Unexpended scholarship funds, as of July 1, 2024. Subtract line 1b from line 1a.

LINE 2. Enter the interest and revenue from investment of scholarship funds received from 07/01/2024 – 12/31/2024.

LINE 3. Scholarship donations received from 07/01/2024 – 12/31/2024. Do not include in this amount any donations received from other sources or non-eligible tax credit donations.

LINE 4. Enter return of scholarship funds previously funded from 07/01/2024 – 12/31/2024.

LINE 5. Actual scholarship grants paid from 07/01/2024 – 12/31/2024.

LINE 6. Enter the amount of allowable non-scholarship expenditures from 07/01/2024 – 12/31/2024.

LINE 7. Amounts transferred to SDE At-Risk Student Program from 07/01/2024 – 12/31/2024.

LINE 8a. Scholarship funds on hand, as of December 31, 2024. Add Section V, lines 1a, 2, 3 and 4 and subtract lines 5, 6 and 7.

LINE 8b. Enter the amount of commitments for the remainder of the school year, as of December 31, 2024. This amount includes scholarship funds which have been promised or otherwise committed for a particular student but have not been paid.

LINE 8c. Unexpended scholarship funds, as of December 31, 2024. Subtract line 8b from line 8a.

LINE 9. Enter the interest and revenue from investment of scholarship funds received from 01/01/2025 – 06/30/2025.

LINE 10. Scholarship donations received from 01/01/2025 – 06/30/2025. Do not include in this amount any donations received from other sources or non-eligible tax credit donations.

LINE 11. Enter return of scholarship funds previously funded from 01/01/2025 – 06/30/2025.

LINE 12. Actual scholarship grants paid from 01/01/2025 – 06/30/2025.

LINE 13. Enter the amount of allowable non-scholarship expenditures made from 01/01/2025 – 06/30/2025.

LINE 14. Amounts transferred to SDE At-Risk Student Program from 01/01/2025 – 06/30/2025.

LINE 15a. Scholarship funds on hand, as of June 30, 2025. Add Section V, lines 8a, 9, 10 and 11 and subtract lines 12, 13 and 14.

LINE 15b. Enter the amount of commitments for the upcoming school year, as of June 30, 2025. This amount includes scholarship funds which have been promised or otherwise committed for a particular student but have not been paid.

LINE 15c. Unexpended scholarship funds, as of June 30, 2025. Subtract line 15b from line 15a.

Section VI – Summary of Compliance with Eligibility Requirements

Section 16-6D-9(b), *Code of Alabama 1975*, establishes certain requirements for the operation of SGOs. This section also authorizes the department to bar an SGO from participating in the Tax Credit Scholarship Program if the department establishes that the SGO has intentionally and substantially failed to comply with the requirements of the program. This section needs to be completed based on the information reported elsewhere in the annual report. Please check "Yes" if the eligibility requirement has been met and check "No" if the requirement has not been met. If "No" is checked for any of these compliance questions, documentation may be attached explaining any extraordinary circumstances preventing the requirement from being met.

LINE 1. First-time Recipients Continuously Enrolled in a Private School. Section 16-6D-9(b), *Code of Alabama 1975*, requires that SGOs ensure that at least 75 percent of first-time recipients of educational scholarships were not continuously enrolled in a private school during the previous year.

If the percentage of first-time recipients not continuously enrolled in a private school during the previous year shown on Section III, line 12 is equal to or greater than 75%, check "Yes". If this requirement has not been met, check "No".

LINE 2. Cumulative Amount of Allowable Non-Scholarship Expenditures. Section 16-6D-9(b), *Code of Alabama 1975*, and Rule 810-61-.04(4) requires that SGOs ensure that at least 95 percent of their revenue from donations is spent on educational scholarships and that all revenue from interest or investments is spent on educational scholarships. The 5% maximum will be calculated for each calendar year, using the amount of scholarship donations received during the year. If the full 5% of non-scholarship donations are not expended in the donation year, the remaining balance may be carried forward for subsequent year non-scholarship expenditures.

If the cumulative amount of allowable non-scholarship expenditures made during the current and all previous years in which the SGO operated (Section IV, line 7) is less than 5% of the cumulative amount of all scholarship funds received during the current and all previous years in which the SGO operated (Section IV, line 4), then check "Yes". If this requirement has not been met, check "No".

LINE 3. Priority Given to Eligible Students Zoned to Attend Failing Schools. If the SGO has given priority for educational scholarships to eligible students zoned to attend failing schools, check "Yes". If this requirement has not been met, check "No".

LINE 4. Determination of Eligibility of Scholarship Recipients. If the SGO only, and not any qualifying schools accepting educational scholarship recipients or scholarship funds, has determined whether scholarship recipients are eligible to receive educational scholarships, check "Yes". If this requirement has not been met, check "No".

LINE 5. Provision for Parental Educational Choice. If the SGO's actions and policies provide for a parent's educational choice by not limiting or prohibiting the enrollment of eligible students in a qualifying school if those students received educational scholarships from other SGOs, check "Yes". If this requirement has not been met, check "No".

LINE 6. Achievement Test Results Collected and Submitted. If the SGO has collected achievement test results from qualifying schools accepting scholarship recipients and submitted them by August 15, to the Alabama Department of Revenue and the independent research organization selected by ADOR, check "Yes". If this requirement has not been met, check "No".

LINE 7. Scholarship Funds on Hand Expended within 3 Calendar Years. If the SGO's scholarship funds on hand, at the beginning of the calendar year 2022, were expended on educational scholarship grants and allowable non-scholarship expenditures by December 31, 2024, check “Yes”. If this requirement has not been met, check “No”.

LINE 8. No Donations Benefit Specifically Designated Recipients or Particular Schools. If the SGO has ensured that no donations are directly made to benefit specifically designated recipients or to particular qualifying schools, check “Yes”. If this requirement has not been met, check “No”.

LINE 9. Submitted a copy of Individual Education Plan (IEP) or 504 plan. If the SGO has submitted a copy of the Individual Education Plan (IEP) and 504 plan when submitting test scores to ALDOR and ISSR, check “Yes”. If this requirement has not been met, check “No”.