

# Q&A:

## **Can I contribute to the Hannibal Arts Council *Building For Our Future* Campaign and save money on my taxes at the same time?**

Yes, you can through traditional tax deductions and if eligible, tax credits. All donors give the Hannibal Arts Council full benefit of their donation while benefitting themselves through reduction in both state and federal tax liability through deductions. Donations are fully tax deductible. For those with business tax liability see Tax Credit Q&A.

**How is my donation being used?** Through our *Building For Our Future* Campaign, we are strengthening and moving our organization and community forward through the creation of an arts center at 105 South Main Street. The approved project expenses include the building purchase, complete renovation of both floors, and the finishing touches to our new facility.

**How will the campaign benefit the community?** The creation of a new arts center allows the Hannibal Arts Council to: build upon our current programs and services; add new and innovative programs for children and families; reach new audiences; create new partnerships; continue to offer programs that are accessible, approachable and affordable; be stewards of a home for the arts for the community to enjoy and be proud of; and contribute to downtown revitalization and beautification.

**How much is left to raise?** We have raised \$100,000 to date, with \$150,000 remaining to reach our campaign goal.

**What is the timeline?** Donations to the campaign are accepted anytime. We have completed the renovation and have moved in, but your help is still very much needed. Our goal is to complete the campaign by December 31, 2009.

**Can I still give if I am not eligible to utilize NAP Tax Credits?** Of course! Fundraising through offering tax credits is just one part of the campaign. General donations are the backbone of everything we do!

**At what levels of giving can I participate?** All levels whether it be \$10, \$25, \$50, \$100, \$1000, or \$10,000 and everything in between (or above). Give at a level at which you feel most comfortable. A combination of all donation types and all amounts are needed for us to successfully complete the Hannibal Arts Council *Building For Our Future* Campaign. Many hands make light work. We would like as many individuals and businesses as possible to take up the opportunity to be a part of our future.

**How are donors being recognized?** All donations to the *Building For Our Future* Campaign are appreciated and immediately acknowledged in writing for your records. All donors will be invited to a special event at the completion of the campaign. Donors at the \$100 and above level are being incorporated into a unique sculpture that will eventually illustrate the completion of the project campaign. Should someone be interested, we have three gallery naming opportunities available for major donations. For those who wish to remain quiet about their donation, that is not a problem, we respect all donor wishes.

**What if I have questions?** If you would like more specific details on the campaign thus far, the amount of remaining tax credits to take advantage of, or other information on the *Building For Our Future* Campaign, contact Michael Gaines at (573) 221-6545.

# Tax Credit Q&A:

## What are NAP Tax Credits and how do they work?

Wouldn't you rather write a check to a local organization than the Department of Revenue or IRS? In a nutshell, the NAP tax credits are a fundraising tool that helps nonprofit organizations attract donations to obtain the funds necessary to carry a project through to its completion. NAP tax credits enable eligible donors to redirect their Missouri tax dollars to the Hannibal Arts Council *Building For Our Future* Campaign. Donors control where their tax dollars are spent!

Donors may claim the tax credits when they file their Missouri tax return. As an incentive, the tax credits not only maximize the amount a donor might give but also provide an opportunity for donors to claim the entire donation on their federal income tax return as a charitable donation, as well as receive a deduction on their state taxes. Therefore, you will be able to get most of your contribution returned to you through tax credits and deductions. Keep in mind that a donor may make donations in two different tax years (we have them available for 2009 and 2010). The tax credits may be utilized for up to five years after the initial donation. The minimum donation to take advantage of the NAP tax credits is \$500.

## Who is eligible for NAP Tax Credits

To be an eligible NAP donor you must have a business tax liability in Missouri and be one of the following: (Entity and Associated Tax Forms)

1. **An individual** who:
  - o has rental property in Missouri–If you are filing Federal Form 1040, Schedule E and Missouri 1040
  - o has royalty income in Missouri–If you are filing Federal Form 1040, Schedule E and Missouri 1040
  - o operates a sole proprietorship in Missouri–If you are filing Federal Form 1040, Schedule C and Missouri 1040
  - o operates a farm in Missouri–If you are filing Federal Form 1040, Schedule F and Missouri 1040
2. **A corporation**–If you are filing Missouri Form 1120
3. **A small business corporation (S Corp)**–If you are filing Missouri Form 1120S
4. **A limited liability corporation/partnership**–If you are filing Missouri Form 1120, 1120S, or 1065
5. **A partnership**–If you are filing Missouri Form 1065
6. **An individual partner in a partnership or shareholder in an S-corporation**–Federal Form 1040, Missouri Form 1040
7. **A bank, credit institution, saving and loan association, credit union, farmer's cooperative credit association, or building and loan**–If you are filing a Missouri Financial Tax Return
8. **An insurance company**–If you are filing a Missouri Insurance Tax Return with the Missouri Department of Insurance

## How does the NAP Tax Credit program work?

Should you have specific tax questions and to determine how the NAP tax credits specifically apply to you, please consult your accountant or tax advisor.

This example is calculated based on a donor in the 28% tax bracket.

Donation Amount to HAC – 28%	\$500	\$1,000	\$5,000	\$10,000
Missouri Tax Credit (50% of gift)	250	500	2500	5000
Federal Income Tax Deduction (28%)	140	280	1400	2800
State Income Tax Deduction (6%)	30	60	300	600
Your Total Tax Savings	420	840	4200	8400
<b>Your out-of-pocket cost (estimated)</b>	<b>\$80</b>	<b>\$160</b>	<b>\$800</b>	<b>\$1600</b>
Total Benefit to HAC	\$500	\$1,000	\$5,000	\$10,000

Your out-of-pocket cost varies with your tax bracket.

Note: If you are not eligible for NAP tax credits, you are still eligible to take advantage of the Federal and State Income Tax Deductions for your donation.

**Do you have specific tax benefit questions?** The example above is provided for illustrative purposes only and does not constitute tax advice. Should you have specific donation questions and to see how the NAP tax credits will specifically apply to you and your tax bracket, please consult your accountant or tax advisor. If you had business tax liability last year, the NAP tax credit opportunity can benefit you and the Hannibal Arts Council!