Utah State Board of Education

EDUCATION FREEDOM TAX CREDIT:
SCHOLARSHIP GRANTING ORGANIZATION (SGO) ASSURANCES

The SGO assures the organization:

- Is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code.
- Is organized at least in part to grant educational scholarships.
- Has policies in place to carry out criminal background checks on all employees and board members to ensure that no individual is involved with the organization who might reasonably pose a risk to the appropriate use of contributed funds.
- Will contract with an independent certified public accountant for an annual financial audit of the scholarship granting organization.
- Will provide a copy of the annual financial audit to the Utah State Board of Education (USBE) at fiscal year end and must make the annual financial audit available to any member of the public upon request.
- Will allow taxpayers to name a participating school as their preference. Donors are not required to choose a school.
- Will not allow a specific student to be designated for scholarships.
- Will use ninety percent (90%) of the total amount of contributions for scholarships.
- Will distribute one hundred percent (100%) of any interest earned on contributions as scholarships.
- Will provide a receipt to donors for contributions made to the scholarship granting organization for their records. The receipt must indicate the value of the contribution, the donor or receipt number assigned by the SGO, and the name of school/LEA designated by the donor (if one is chosen).
- Will complete reporting required by the USBE, Utah Tax Commission, US Department of Education, and US Department of Treasury.
- Will provide the USBE with actual or electronic copies of policies, procedures, promotional and descriptive materials about the program, and eligibility criteria and applications, upon request.

Acknowledgements

- The USBE may suspend or terminate the certification of an organization as a scholarship granting organization if the USBE establishes that the scholarship granting organization has intentionally or substantially failed to comply with the requirement of this agreement or the regulations of the US Treasury.

- Notification of removal will be sent stating notification of concern(s), a timeline in which to fix the issue(s), and an opportunity to be heard before removal.
- The USBE may conduct a financial review or an audit of a scholarship granting organization certified under this program.

Cancellation

The Scholarship Granting Organization may cancel this Agreement and voluntarily rescind its certification upon ten (10) days' written notice to the USBE. Upon cancellation under this section, the USBE may request a final financial audit of the scholarship granting organization.

By submitting this application, the applicant certifies and assures that during each period in which it seeks or maintains inclusion on Utah's SGO list under Section 25F of the Internal Revenue Code its adherence to:

1. **Federal qualification.** The applicant satisfies, and will continuously maintain, all applicable requirements to qualify as a scholarship granting organization under Section 25F and applicable Treasury and IRS guidance.
2. **Truthful and complete information.** All information and supporting documentation submitted to USBE is true, accurate, complete, and current to the best of the applicant's knowledge, and the applicant will promptly report material changes.
3. **Segregation and use of funds.** The applicant will maintain Section 25F qualified contributions in the federally required segregated account and will use those contributions only for purposes permitted under Section 25F.
4. **Student and expense eligibility.** Before awarding or disbursing a scholarship, the applicant will document the required verification of student eligibility, in-state scholarship use, and qualified elementary or secondary education expenses.
5. **Scholarship administration.** The applicant will comply with the federal minimum-student and school-diversity requirements, federal scholarship-priority rules, and the prohibition on donor earmarking for a particular student.
6. **Prohibited recipients and transactions.** The applicant will not award a scholarship to a federally disqualified person and will maintain controls reasonably designed to prevent transactions prohibited by Section 25F.
7. **Spending requirement.** The applicant will satisfy and document the federal 90-percent-of-income spending requirement in the manner prescribed by applicable federal law and guidance.
8. **Records and reporting.** The applicant will retain records and make all acknowledgments, reports, certifications, and other submissions required by Section 25F, Treasury regulations, IRS procedures, and Utah's administration of its SGO list.
9. **Cooperation and continuing eligibility.** The applicant will provide documentation reasonably necessary for USBE to determine initial and

continuing eligibility for Utah's SGO list and will promptly disclose any event that may cause the organization to cease meeting federal requirements.

10. **Federal changes control.** The applicant acknowledges that Section 25F implementation is subject to Treasury and IRS regulations, procedures, forms, and other guidance, and agrees to comply with controlling federal requirements as they become applicable.