



Neighborhood Assistance Program Tax Credit Policy

Section 1: Eligible Donations

- A. In accordance with the state of Virginia's Neighborhood Assistance Program policy, donations must be made directly to Soundscapes, Inc. with no strings attached and without any conditions or expectations of monetary or other benefit in order to be eligible for Neighborhood Assistance Program tax credits ("NAP credits").
- B. Online donations are only eligible if processed by Soundscapes, Inc., not by an outside vendor (Facebook, etc.).
- C. Gifts made from Donor Advised Funds are not eligible for NAP credits.
- D. Individuals must contribute a minimum of \$5000 value and maximum of \$125,000 value per year in the form of cash or marketable securities.
 - a. Licensed professionals such as physicians, therapists, or social workers, etc. may also be eligible for NAP credits via volunteering their professional services.
 - b. Donors who live out of state only qualify if they pay Virginia State taxes.
- E. Businesses or Personal Trusts must contribute a minimum of \$5000 value (no maximum) in the form of cash, merchandise, rent/lease facility, or professional services.
 - a. Any non-cash donations approved for NAP credits by Soundscapes, Inc. will be valued in accordance with NAP and IRS standards.
 - b. Business entities must be authorized to do business in the Commonwealth of Virginia.
- F. Donors should contact the Director of Community Engagement at 757-273-6178 to confirm eligibility and availability of NAP credits prior to making a gift. NAP credits are not guaranteed for any donation made without prior confirmation.
- G. The values of donated professional services are not to exceed the lesser of (a) the reasonable cost for similar services from other providers or (b) \$125 per hour, in accordance with Virginia Code § 58.1-4. Tax credits will not be granted for monthly recurring donations unless each monthly donation value individually qualifies.
- H. Soundscapes executive staff reserves the right to make exceptions to these organizational policies in limited circumstances.

Section 2: Value and Expiration of NAP Credits

- A. Donors who make eligible gifts and receive prior approval will receive NAP credits in the amount of 50% of the value of the eligible gift, unless otherwise decided by the Soundscapes Board of Directors, or agreed upon in advance by both Soundscapes, Inc. and the donor.
- B. The value of a gift is the amount remaining after any goods and services are deducted. For example, if a donor writes a \$5000 check at an event that includes payment for an item valued at \$2500, the eligible value of that gift would be \$2500. A check for \$5000 with \$2500

value deducted would result in only \$2500 of eligible value, and therefore would not qualify, but not for the full check amount.

- C. NAP credits are non-refundable. However, they may be carried forward for up to five years. Tax credit for the current year is utilized first, prior to using the credit that has been carried forward from a preceding year. If tax credits are awarded for a gift during a year for which the donor has already filed their taxes, they must re-file in order to use the tax credits. Tax credits must be filed for the year in which they were awarded in order to be carried forward. More information about this can be found through the DOE's policy.

Section 3: Application Process

Due to new regulations within the Commonwealth of Virginia, all NAP credit paperwork must be submitted to the state no more than 40 days from the date of donation. The date of donation is: the date on the check, the postmark date, the date of an online gift or stock transfer, or the date hand-delivered. As a result, Soundscapes, Inc. will use the following process for submitting applications for NAP Credits:

- A. Soundscapes, Inc. will send NAP paperwork to the donor within 7 business days of receipt of the gift and/or notification that tax credits have been requested for the gift.
- B. The donors will be asked to make their best efforts to return the NAP paperwork (generally sent via DocuSign) to Soundscapes, Inc. in a timely manner in order to comply with the state's deadline.
- C. Upon receiving NAP paperwork back from the donor, Soundscapes, Inc. will complete the form and submit it to the state's online platform as soon as possible.
- D. Upon notification of approval from the DOE, Soundscapes staff will mail a copy of the tax credit certificate to the donor.
- E. Soundscapes, Inc. is not responsible if a donor does not complete and return the application paperwork before the online submission deadline.