



## About the Neighborhood Assistance Program & How it can benefit your bottom line

Ozarks Food Harvest, the only food bank in southwest Missouri, is a 501(c)(3) not-for-profit corporation. Your donation is tax deductible to the full extent of the law. In addition, the **Missouri Neighborhood Assistance Program (NAP) tax credits** approved for this project may be applicable to your donation.

### **About NAP**

In 1978, Missouri became the third state in the nation to adopt legislation creating a Neighborhood Assistance Program (NAP). Since that time, more than 1,000 organizations in 200 cities throughout Missouri have benefitted from this program. More than 9,000 businesses have given a total of \$145 million toward NAP projects, and in return, the state has approved more than \$76 million in tax credits for those donors (50% of donations).

The philosophy behind the program is quite simple—it enables businesses to redirect their tax dollars to help finance local projects. Acting as an incentive for business involvement, the state tax credit not only stretches the amount a business might normally be able to give, but it provides an opportunity for private business, state government and the nonprofit sector to cooperate as partners in addressing community needs.

### **How it Works**

Unlike a direct government grant, this form of state assistance involves no transfer of state dollars. Rather, the project recipient assumes full responsibility for securing the desired financial (or in-kind) support through direct fundraising efforts. The state's role is to approve projects and to offer tax credits to eligible donors who contribute to those projects. Organizations submit project proposals to the Missouri Department of Economic Development (DED), and once a project is approved, the organization is authorized to offer a certain amount of tax credits to eligible contributors.

The tax credit equals up to 50% of the value of the contribution. These tax credits represent “coupons” that donors may then claim or redeem when they file their state tax return.

Transform Hunger into Hope™ at [ozarksfoodharvest.org](http://ozarksfoodharvest.org)

Ozarks Food Harvest | P.O. Box 5746 | 2810 N. Cedarbrook Ave. | Springfield, MO 65801-5746 | P (417) 865-3411 | F (417) 865-0504

## Who is Qualified for NAP Tax Credits

All companies and certain individuals qualify for the NAP credit, including:

- Corporations
- Insurance companies
- Express companies
- Banks and other financial institutions
- Partnerships and their individual partners
- S-corporations and individual shareholders
- Individuals operating a sole proprietorship
- Individuals operating a farm in Missouri
- Individuals with rental property in Missouri

## Special Features of NAP Credits

- May be claimed against a variety of state taxes due and must be claimed in the following order:
  - 1) Financial Institution Tax
  - 2) Corporate Franchise Tax
  - 3) Income Tax (Corporate & Individual)
- Five-year carry-forward provision (Donor has six tax periods in which to claim the credit; any balance remaining after the sixth year is forfeited.)
- Not refundable or transferable
- May be combined with the federal charitable deduction in most cases
- Rules for valuing NAP donations are more favorable than IRS rules in some instances

## Qualifying Donations

- **In-kind donations of food to food banks** (Only food banks are eligible to assign tax credits for food donations.)
- **Cash**—face value amount of check
- **Materials, Supplies & Equipment**—Valued at the lesser of either the fair market value or donor's cost
- **Technical Assistance/Professional Services**—Valued at the standard billing rate
- **Labor**—Valued at employee's hourly wage plus fringes
- **Real Estate**—Valued at the lesser of two independent appraisals
- **Stocks & Bonds**—Valued at stock market prices (high) on the date of transfer, but must be sold by the nonprofit before credit will be approved for the donor

## Sample Missouri NAP Computation

Below please find a sample hypothetical donation and its effect on the donor's tax liability. The figures indicate how much the real cost of the donation is to the donor versus the face value of the donation. Actual tax benefits may vary, but the cost of the contribution to the donor remains a fraction of the face value of the donation to Ozarks Food Harvest.

**In the following example, the after-tax cost to the donor of a \$10,000 contribution is only \$2,650** yet Ozarks Food Harvest receives the full face value of the contribution! Because all of the food The Food Bank distributes is donated, every dollar in Ozarks Food Harvest's budget helps The Food Bank distribute \$10 worth of food items and supplies. A \$10,000 donation will allow Ozarks Food Harvest to distribute \$100,000 worth of food.

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**A \$10,000 tax deductible contribution to Ozarks Food Harvest's Feeding Hope Initiatives:**

|  |                         |
|--|-------------------------|
| Federal Charitable Deduction (assuming a 35% tax bracket)  | \$3,500.00              |
| Missouri Charitable Deduction (assuming a 6% tax bracket)  | \$600.00                |
| Missouri State Tax Credit (assuming 50% for eligible contribution)   | \$5,000.00              |
| Additional Federal Taxes due to reduction of deductible Missouri State Taxes (35% of \$5,000 NAP Tax Credit) | \$1,750.00              |
| <b>Out-of-pocket cost</b>  | <hr/> <b>\$2,650.00</b> |

*Please note this serves as an example only. Please consult your tax advisor on how this project will specifically benefit you. Tax credits are available based on eligible tax deductible contributions (**minimum \$5,000**) paid to Ozarks Food Harvest for The Food Bank's strategic Feeding Hope Initiatives.*

**What's Next?**

Please return the completed application\* to:

Ozarks Food Harvest  
Attn: NAP Tax Credits Application  
P.O. Box 5746  
Springfield, MO 65801-5746

\*You must enclose a copy of your cancelled check in order for The Food Bank to show the Missouri Department of Economic Development that the donation was actually made.

President/CEO Bart Brown will then sign the application and Ozarks Food Harvest will mail both application and proof of donation to the Missouri DED in Jefferson City, so they may issue your Tax Voucher.

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