

New Federal Scholarship Tax Credit Webinar

P R E S E N T E R S



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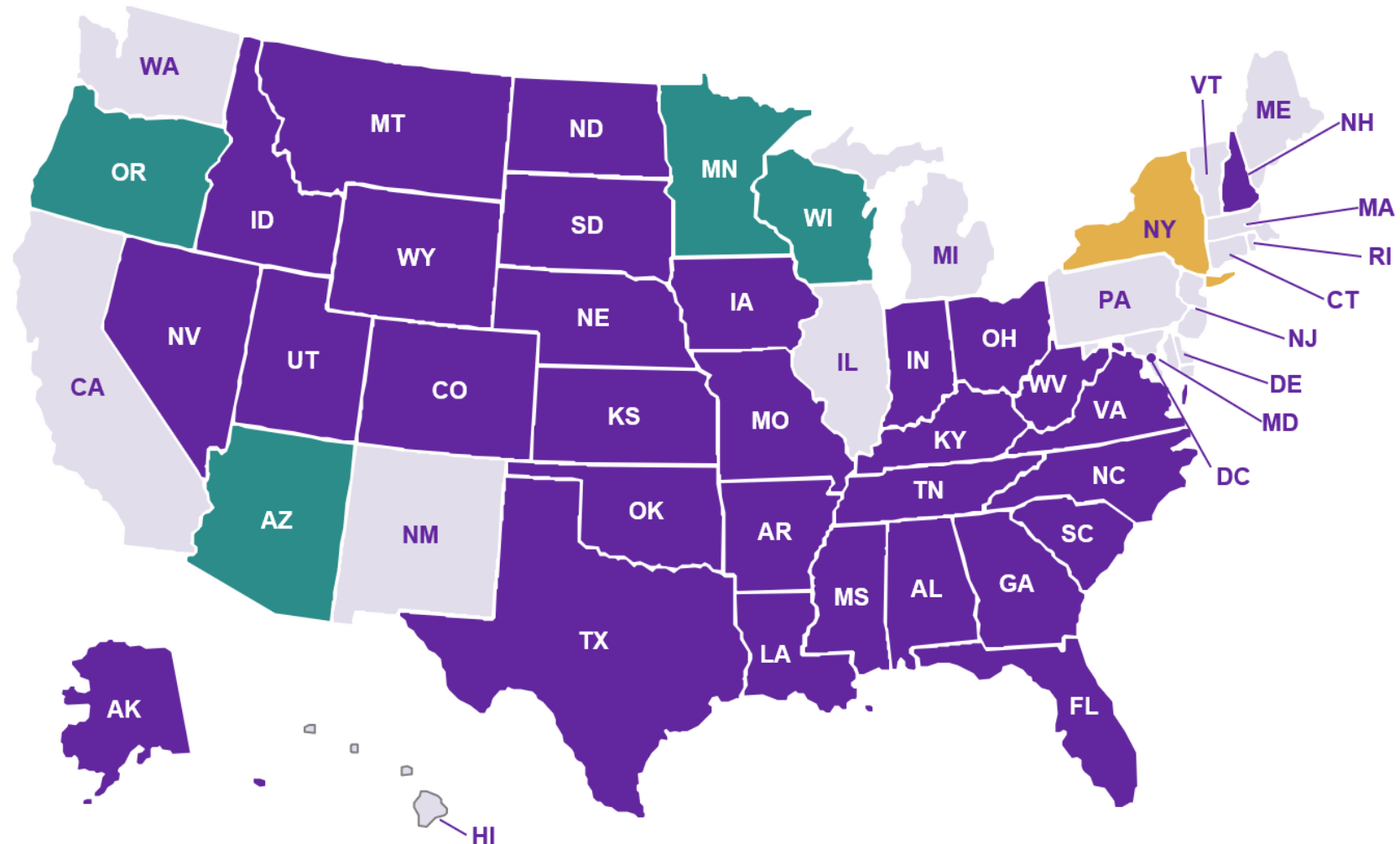


EDUCATION FREEDOM TAX CREDIT | 2027

30 states have opted in

Donors in these states can claim the federal credit for gifts to listed SGOs starting January 1, 2027.

-  **30** · Opted in
-  **1** · Announced intent (NY)
-  **4** · Declined or vetoed
-  **16** · No decision (incl. DC)





Education Freedom Tax Credit

Kaylyn Varnum, CPA

*Assistant National Director – Tax Services
Batts Morrison Wales & Lee*

Education Freedom Tax Credit: The Basics

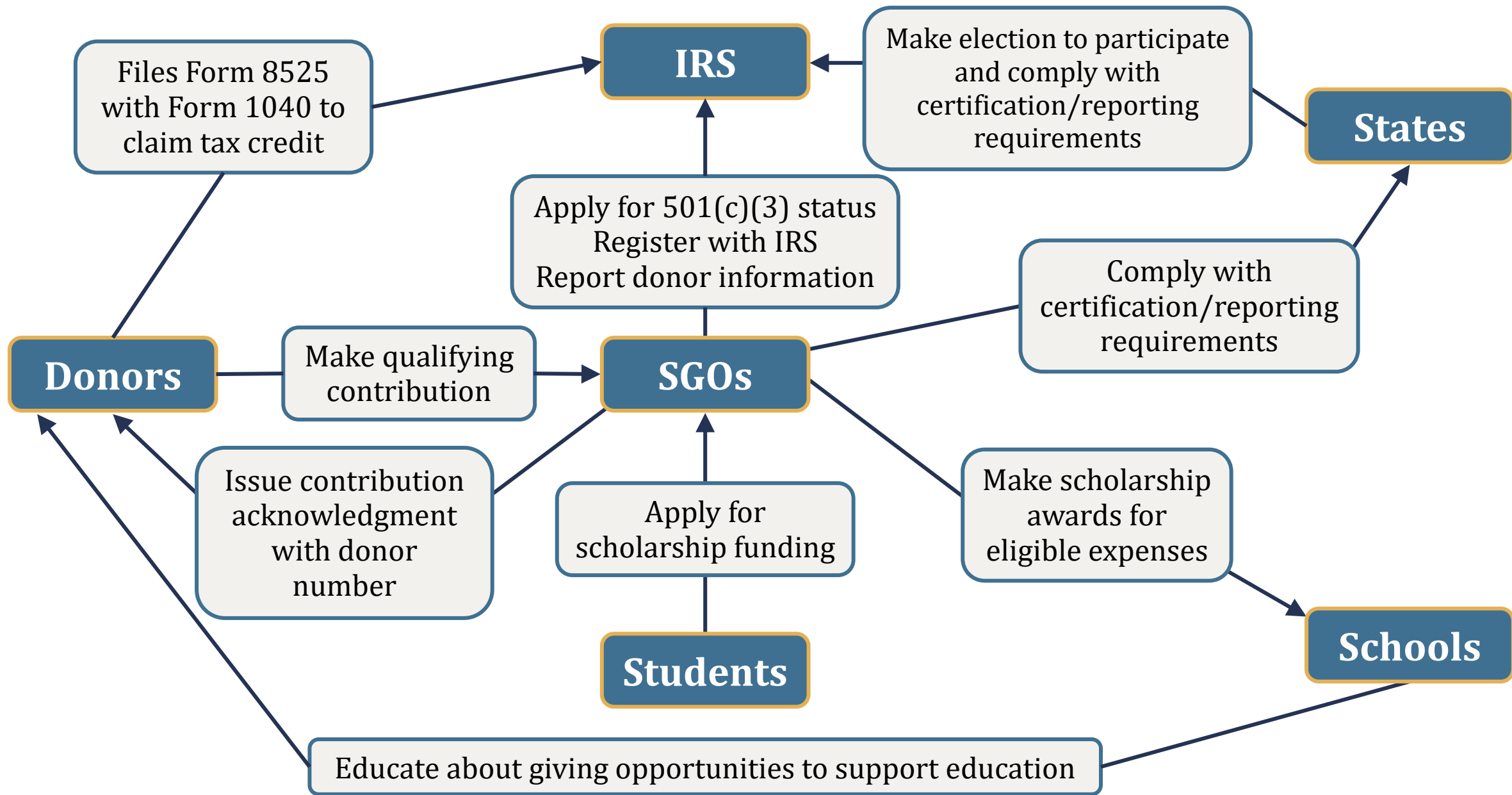
- Beginning in 2027 – \$1,700 nonrefundable tax credit per individual taxpayer per year (\$3,400 for married filing jointly taxpayers)
 - No AGI limit or phaseout
 - Cash contributions to certain state-approved scholarship-granting organizations (“SGOs”)
 - Must designate the payment as an EFTC contribution at the time the gift is made – the designation is irrevocable
 - Individuals in any state may qualify (do not need to reside in a participating state)

Education Freedom Tax Credit: The Basics

(Continued)

- May not duplicate state credits (there are favorable ordering rules)
- No double benefit between EFTC and charitable contribution deduction
- Unused EFTC may be carried forward for up to 5 years
- Must obtain acknowledgment meeting the requirements and file a Form 8525 with Form 1040 to claim the credit

How It Works



Eligible Student Recipients

- An eligible student generally must:
 - Be a member of a household with prior-year income not exceeding 300% of area median gross income, and
 - Be eligible to enroll in a public elementary or secondary school
- Certain exceptions to the income requirement exist for students who receive academic tutoring or special needs assistance provided at schools in low-income areas
- Household income requirement is not generally applicable to foster children
- Treasury Department estimates 95% of kids are eligible

Eligible Educational Expenses

- K-12 expenses including:
 - Tuition, fees, tutoring, special needs services, books, supplies, equipment, and certain additional school-related costs such as room and board, uniforms, transportation, and certain computer or internet expenses
- Additional IRS guidance is forthcoming
- Because charter schools do not charge tuition, the expenses that can be covered for charter school attendance is much more limited

SGO Requirements: A Snapshot

- Must be a 501(c)(3) that is not a private foundation
- Must meet certain operational requirements
- Must meet certain recordkeeping requirements
- Must meet certain reporting requirements
- Must be included on at least one participating state's certified list

SGO Operational Requirements

- Must maintain segregated accounts for qualified contributions (and earnings therefrom) and prevent commingling of funds
- Must award scholarships to at least 10 students who do not all attend the same school
- Must spend at least 90% of its income on scholarships for eligible students
 - Must prioritize prior-year scholarship recipients and their siblings
- Must award scholarships exclusively for qualified expenses

SGO Operational Requirements

(Continued)

- Cannot earmark or set aside contributions for scholarships on behalf of a particular student
- Cannot award scholarships to leaders, substantial contributors, scholarship selection committee members, and their families
- Cannot award scholarships to students who are not residents of the state or states in which the SGO is listed
 - Note that this is based on the residency of the student, not the location of the school

SGO Operational Requirements

(Continued)

- Verify student household income and family size to ensure eligibility criteria are met
 - May review supporting documentation (e.g., Forms W-2, pay stubs, etc.)
 - May verify applicant's participation in certain governmental programs like SNAP, TANF, WIC, or SSI, etc.
- May operate in more than one state, but must maintain separate segregated accounts and satisfy the requirements separately for each covered state

SGO Reporting and Recordkeeping Requirements

- Must issue timely donor acknowledgments with required information (due by January 31st annually)
- Must comply with required reporting requirements to both the state(s) in which it operates and to the IRS (including reporting information to the IRS about donors by February 28th annually)
- Must obtain an annual “financial and programmatic audit”

Implications and Unanswered Questions

- How will schools benefit?
 - The EFTC is expected to be a big deal – Treasury estimates approximately \$26 billion in annual contributions to SGOs
 - Use of statewide SGO organizations vs. forming your own SGO with another school or schools
- Unanswered questions
 - State and Federal requirements are still developing
- Time is of the essence for new SGOs hoping to qualify for 2027



SGOdirect

POWERED BY NOSTOS

Turn the Federal Scholarship Tax Credit into Scholarship Funding— Without Building the Back Office

The ROI and Value Proposition of a Managed Services SGO Partnership

THE FREEDOM TAX CREDIT

How it works

Starting with 2027 gifts, individual taxpayers can redirect part of their federal taxes to K-12 scholarships through a certified scholarship granting organization (SGO).

1 You owe federal taxes anyway

No new spending required. You give now and get it back when you file.

2 Redirect up to \$1,700

Give to a certified SGO and mark the gift as credit-eligible at checkout. Married couples who each give can redirect up to \$3,400.

3 Claim it dollar-for-dollar

File it as a federal tax credit using the donor number from your SGO, so each dollar reduces the tax you owe.

Statewide Fund vs. Your Own SGO

Both are compliant ways to accept federal tax-credit gifts. The difference is who controls where your donors' dollars go, *your students can apply to scholarship in BOTH GROUPS.*

Join a Statewide Fund

WHERE IT MAKES SENSE:

- Schools who will have a wide variety of complex allocations
- School that typically do not fundraise or have high parent/donor engagement
- Smaller Schools that will need the collective good to support their awards

• Where gifts go

Pooled statewide — donors can request a school but are funds are not restricted

• Who decides

The statewide SGO sets award criteria and balances dollars across schools

• Your school preference

Advisory only — funds need to meet the pre-requirements first & surplus at your school can be redirected elsewhere

• Transparency & Access

Reporting and visibility are up to the statewide SGO and how they decide to manage the program

Build Your Own SGO

WHERE IT MAKES SENSE:

- Schools that have a large donor network, have consistent fundraising & parent engagement
- School that will focus most of their scholarships on tuition
- Schools that want the ability to develop their award & distribution philosophy

• Where gifts go

Stays inside your aligned cluster of schools, close to home

• Who decides

Your board sets published award criteria and priority order

• Your school preference

Still advisory by law, but the pool is your cluster, so dollars stay aligned

• Transparency & Access

Real-time donor portal, dashboards and campaign tracking and a team built to support you

Either path must meet the same federal rules: 10+ students at 2+ schools, the 300% area median income cap, and 90% of income spent on scholarships, prior award recipients and their siblings must be awarded first

STATE SGO VS. A SMALL CLUSTER SGO

Your students should apply to every SGO they meet the scholarship criteria. The decision lies in where you tell YOUR donors to redistribute your funds to.

EXAMPLE - 750-students · 2 schools · \$12,000
1200 Parents donors

	Statewide SGO pool	Cluster OR Dedicated SGO
RAISED BY YOUR SCHOOL COMMUNITY	\$510,000 25% Parent Participation (300 donors)	\$1,326,000* 65% Parent Participation (780 donors)
LIKELY BACK TO YOUR STUDENTS	~\$382,500 ~75% · after 3% admin & state allocation	~\$1,193,400 ~90% · after 10% admin
WHEN PARENTS LEARN THEIR THEIR AWARD	August – Dec Credits to Tuition after enrollment started	January 15th Award letters before final enrollment
AWARD AS % OF TUITION	• Max award formulas set across the SGO • Must include a variety of award types to meet the full needs full needs to the schools – Tuition, Afterschool, Tutoring..all Tutoring..all eligible categories.	• Max awards set at the local SGO level • Awards can be structured based on those school needs – ie 95% tuition-based awards • Greater Flexibility to award in segment and then allocate by need

*Illustrative scenario, not a guarantee. We believe contained SGOs will get higher participation and could extend beyond parents to grandparents, families and community members with a more focused

SAME DONATIONS, DIFFERENT AWARDS

AWARD RULES DRIVE SCHOLARSHIP OPTIONS

	Statewide SGO		Cluster SGO Options		
	Statewide SGO, but your donors can request allocate to your school .		Donations stay within your school cluster, award criteria is set by your BOD and your donors have full transparency in every dollar collected or spent..		
	School A	School B	School C & School		
Tuition	\$12,000	\$12,000	\$12,000		
Total Collected*	\$100,000	\$410,000	\$1,326,000		
After % operations	\$97,000 (3% fee)	\$397,900 (3% fee)	\$1,193,400		
Eligible students	240	280	520		
Share of formula funded	State	State Determines	100% Shared	80% Shared/20% Need	50% Shared/50% Need
Max award per student**	\$2,000	\$2,000	Parent Responsibility of Tuition (Tuition minus state vouches/other scholarships)		
Award · ≤100% AMI***	\$475	\$1,671	\$2,295	\$2,808	\$3,213
Award · 100–200% AMI	\$396	\$1,393	\$2,295	\$1,836	\$1,377
Award · 200–300% AMI	\$238	\$836	\$2,295	\$1,836	\$1,377

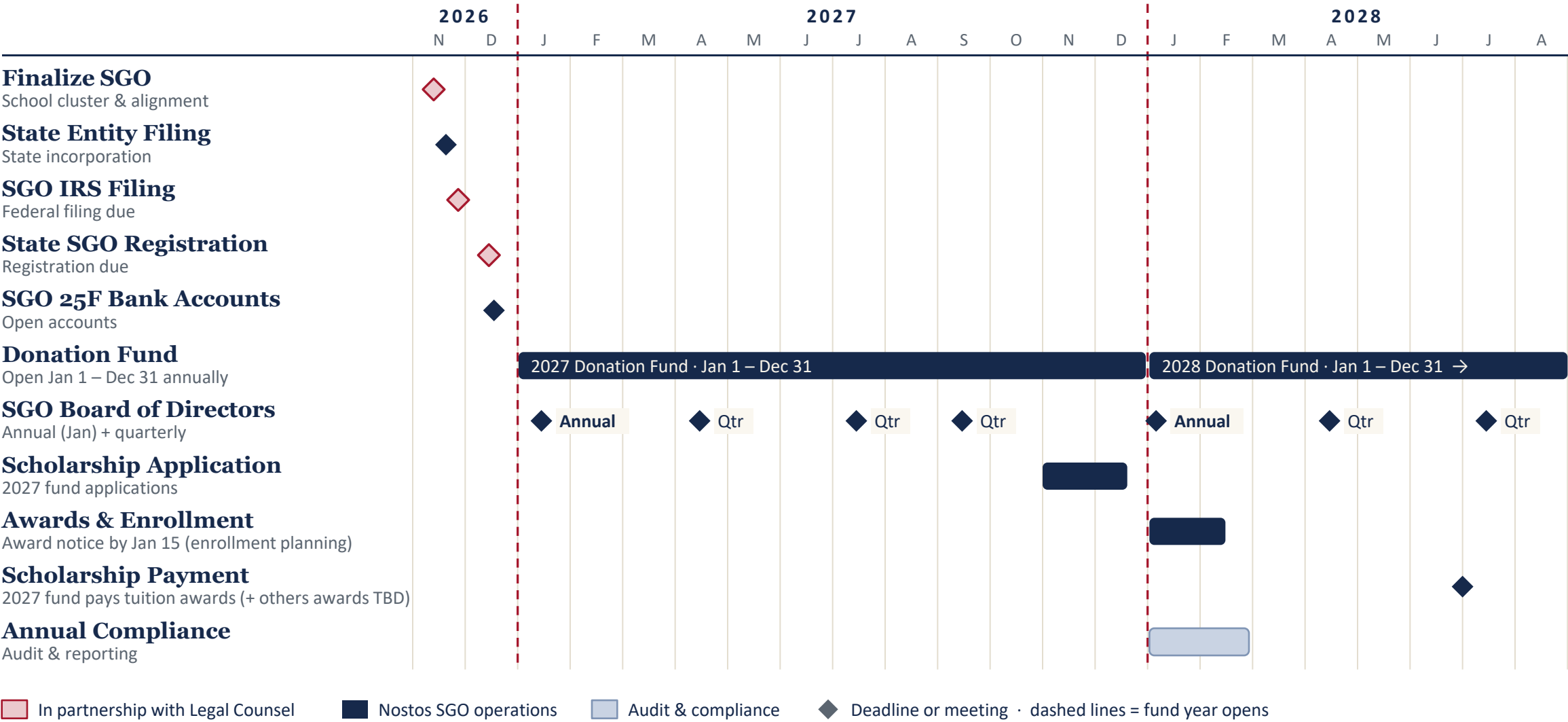
*Continuation of prior model on the prior slide

**Max award may impact distribution based on eligible students in each category

***If you don't have enough eligible students, and you hit the max award per student state-wide, the funds roll to other schools

SGO Roadmap: Formation to First Awards

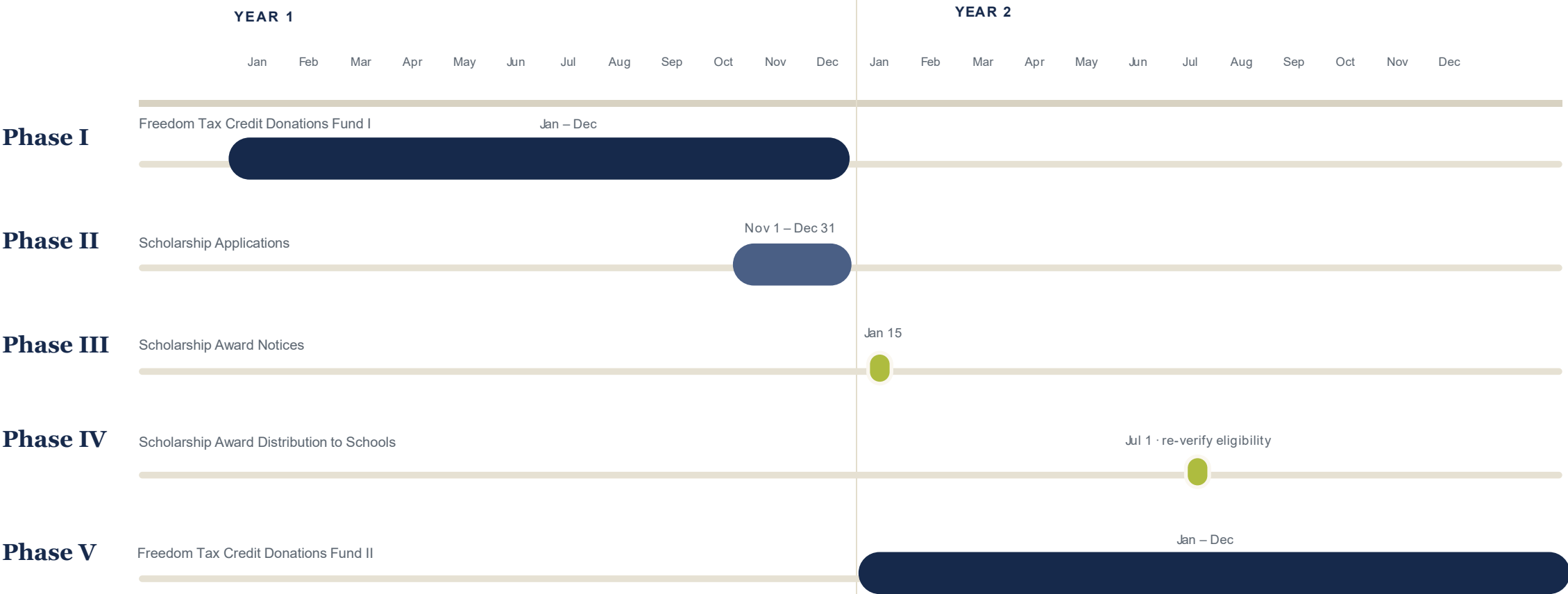
Legal formation closes by December 15, 2026; the 2027 fund raises all year, awards scholarships in January 2028 and pays schools July 1, 2028.



Building a Fund & Investing in the Future Mindset

Clear strategy, stronger financial process & transparency to donors:

- Defines the raise window - simplifying award amounts and donor fund timing
- Scholarship award amounts confirmed before enrollment - families can plan accordingly
- Clear distribution - simpler allocation and cash flow predictability for schools and families
- Interest stays in the §25F account and enables additional scholarship opportunities (10% of the interest, can be allocated by the BOD)



Powerful for your SGO. Effortless for everyone else.



For donors

Give by bank or card from any link or QR code.

Amount

Set your gift and schedule

Your info

Enter your details

Payment

Card or bank account

Confirmation

Your receipt and next steps

STEP 1 OF 4

Set your gift

Your gift funds scholarships for families in Sarasota Classical SGO. Up to \$1,700 comes back to you as a dollar-for-dollar federal tax credit.

Total gift for 2027

\$250

\$500

\$1,000

\$1,700

Or enter another amount

\$

Other amount

Payment Schedule

One time

Monthly

Bi-weekly

One payment of \$1,700 today.

Tax-credit portion

\$1,700

Charitable portion (may be deductible)

\$0

Processing fee (added on top)

\$1.00



For families

Apply, upload documents & check status in one place.

STEP 2 OF 7

Students in your household

Add every child you are applying for. Two questions about each child set their priority group; answers are checked against Sarasota Classical SGO's own award records.

Student 1

Remove

First name *

Emma

Last name *

Smith

Date of birth *

Mar 12, 2015

Grade for 2027-28 *

6

Scholarship from this SGO last school year?

Yes

Brother or sister ever awarded by this SGO?

No

Adopted, foster, half and step siblings all count.

School

Confirm where your students attend

Students

Each child you are applying for

Address

Where your students live

Parent/guardian

About you

Income

How you will show eligibility

Review & submit

Check everything, then submit



For your SGO

Every gift and award tracked, with audit-ready records.

NOSTOS

Sarasota Classical SGO

SGO staff

Dashboard

Compliance

SCHOLARSHIP FUND

Gifts

Donors

Applications

Awards

RECORDS

Documents

Board minutes

Reports

Filings

Laura Chevalier

laura@sarasotaclassic...

Welcome back, Laura

Fund year 2027 · FL, OH

IRS list: listed

FL list: listed

OH list: pending

Raised (qualified)

\$14,200

of \$500,000 goal

Awarded

\$22,200

4 awards

90% spending tracker

100%

\$12,780 required

Applications

6

P1 2 · P2 2 · P3 4

Fund activity

Qualified contributions raised and scholarships awarded, by month.

\$60k

\$40k

\$20k

You send the campaign. We build everything else.

YOUR SGO'S ONLY JOB

Hit send.

No designers, no agencies, no production work on your side.

- Professional, donor-ready materials materials
- One consistent tax credit message message
- Launch campaigns faster



One-pagers

Donor-ready tax credit explainers, branded branded for your SGO.



Email templates

Pre-written donor campaigns. Add your list your list and send.



QR codes

Scan-to-give codes that go straight to your your donation page.



Videos

Short video donors can watch and share in share in minutes.

Passion For Education

We deliver a working business model, operational tools, and best practices – but are ultimately passionate about education and advancing school of choice for families throughout the country.

James Madison, 1822

Knowledge will forever govern ignorance: And a people who mean to be their own Governours, must arm themselves with the power which knowledge gives.

Horace Mann, 1848

Education then, beyond all other devices of human origin, is the great equalizer of the conditions of men – the balance-wheel of the social machinery.

Nelson Mandela, 2003

Education is the most powerful weapon which you can chose to change the world.

4th Graders Proficient in Math

39%

12th Graders Proficient in Math

22%

Per -Pupil Spending 6.6%+

\$17,619

4th Graders Proficient in Reading

31%

12th Graders Proficient in Reading

35%

Adults Satisfied with Public Education

24%

*Statistics are from the NAEP Nation’s Report Card 2024

Let's Reserve Your School's Place in a Founding Cluster

Founding clusters are limited by design, to keep every donor's sense of alignment credible. Students funded in 2027, and their siblings, get priority every year after, and Florida must submit its 2027 SGO list by Feb 15, 2027.

Schedule a 20-minute cluster fit call

Confidential — not legal or tax advice. Reflects IRS temporary regulations (TD 10057, effective Dec 1, 2026) and proposed regulations (REG-117199-25, comments due Dec 1, 2026), which may change.



NOSTOS LEADERSHIP

Laura Chevalier

Chief Executive Officer

BACKGROUND

Laura Chevalier builds high-performing organizations. As President and Chief Growth Officer of Provalus, the managed-services division of Optomi Professional Services (OPS), she led a technology services business running 10+ rural U.S. delivery centers for Fortune 2000 clients. OPS grew to more than \$600M in 12 years, one of the fastest-growing IT solutions firms in the country.

She chairs the Board of The Classical Academy of Sarasota, now entering her fourth year. Enrollment has grown to more than 1,000 students, and the school secured a \$40M bond for land and a new campus. Laura studied Education at the University of Michigan, adding Math and English majors and earning her master's at Central Michigan University.

1,500

Provalus team, grown from a dozen

\$600M+

OPS growth in 12 years

1,000+

Students and Private School Board Experience

WHAT SHE BRINGS TO NOSTOS

Laura leads execution and operational excellence across Nostos.



Scaling a service business

Grew Provalus from a dozen people to 1,500 across sites, the model Nostos uses to run many SGOs at once.



Growth and partnerships

Built Fortune 500 client relationships; now leads outreach to schools, networks, donors and partners.



Technology savvy

Led technology enablement and support for Chick-fil-A, Estée Lauder, Ralph Lauren, Cava, Cencora and other global brands.



Passionate about education

After spending years in rural communities upskilling and training hard working Americans, she knows the criticality of access to strong education.



NOSTOS LEADERSHIP

Joe C. Hembree, CCIM

Chief Strategy Officer

BACKGROUND

Joe C. Hembree, CCIM, is President of Hembree & Associates, a Southwest Florida commercial real estate firm. He has personally represented more than \$400 million in commercial sales & leases and developed more than \$50 million in commercial space, including public-private partnerships, including brokering ~\$70M for non-profit organizations and schools.

A Sarasota native and U.S. Naval Academy graduate, BS Economics, Joe is a Commander in the U.S. Navy Reserve as a Surface Warfare Officer with more than 20 years of service, including a 14-month mobilization as a planner for Combined Joint Task Force–Horn of Africa. He has chaired the Greater Sarasota Chamber of Commerce and the Sarasota County EDC, served on the board of The Classical Academy of Sarasota, serving on C.A.R.E. Board at Cardinal Mooney High School and served as a deacon and trustee of First Baptist Church of Sarasota.

\$400M+

commercial transactions personally represented

20+ yrs

U.S. Navy officer; Commander, Navy Reserve

Chair

Past Chair of Greater Sarasota Chamber and Sarasota County EDC

WHAT HE BRINGS TO NOSTOS

Joe shapes Nostos' strategy to maximize the impact schools, churches and donors have on education.



Strategy and planning

Navy operations planner and trained economist; sets where and how Nostos grows.



Deal-making

\$400M+ in transactions and \$50M+ in development, including public-private partnerships.



Business and civic network

Past Chamber and County EDC chair; connects Nostos with business leaders, donors and civic networks.



Church and School Boards

Church trustee and school board vice chair; knows the hurdles churches and schools must clear.



NOSTOS LEADERSHIP

Joe Gruters, CPA

Chief Financial & Compliance Readiness Officer

BACKGROUND

Joe Gruters is a Certified Public Accountant and partner at Robinson, Gruters & Roberts, a Sarasota County CPA firm providing accounting, tax, small-business financial planning and nonprofit reporting. Currently managing full financial audits for almost 200 schools, one of the largest groups in the state, has made Joe an expert in the space ensuring critical non-profit and IRS compliance for all the organizations he supports

Joe has represented Sarasota and Manatee Counties in the Florida Senate since 2018, after serving in the Florida House from 2016, and chairs the Senate Fiscal Policy Committee. He is well versed in the legislature and has a deep understanding of navigating complex regulatory environments. He holds a bachelor's degree from Florida State University and an MBA from the University of South Florida.

~ 200

school financial audits managed

10 yrs

in the Florida Legislature

Chair

Senate Fiscal Policy Committee

WHAT HE BRINGS TO NOSTOS

Joe makes every Nostos-supported SGO audit-ready for its independent auditor.



Leadership for the new rules

Separate state accounts, the 90% spending test, income verification and disqualified-person screening.



Audit-ready records

Reconciliations, award files and evidence packages, so each SGO hands its auditor a complete file.



Nonprofit and tax fluency

Form 990s, donor acknowledgements and the IRS reporting every SGO must file.



Fiscal oversight

Chairs the Florida Senate Fiscal Policy Committee, following every dollar from source to use.

Nostos does not perform SGO audits; each SGO engages its own independent auditor.

QUESTIONS & ANSWERS:



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CAPITAL :: INVESTMENTS :: ADVICE

- Ziegler is a privately-held investment bank, capital markets and proprietary investments firm
- A registered broker dealer with SIPC & FINRA
- Ziegler provides its clients with capital raising, strategic advisory services, equity & fixed-income trading and research
- Founded in 1902, Ziegler specializes in the healthcare, senior living and educational sectors as well as general municipal finance

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