

MOUNT VERNON CHRISTIAN SCHOOL
"Income Limit Form"

Enter Your Family Registration Number

Statement of Purpose:

Under the "Means Based" tuition system, all families are first expected to pay the full cost of educating their child. However, if the full cost exceeds 15% of the family's income, they may choose to pay the "Income Limit" amount. This form is designed to assist families in computing the "Income Limit"

Enter "Adjusted Gross Income" from your most recent income tax return (*line 37 of page 1*)

 A

In determining which tax return to use, please remember that we are a faith community, relying on each member to faithfully fulfill their obligation. If you have not completed last year's income tax return, use the year before that for this computation. The purpose of using this number is to best determine your true income.

IF self employed, please read the back of this form and complete the following:

Extraordinary items considered (*see "Self Employed Individuals" instructions on back*):

- | | | | | |
|----------|------------------|--|---|--------|
| 1 | ADD: | Prepayments of expenses used in computing line A above | <input style="width: 100%; height: 25px;" type="text"/> | Line 1 |
| 2 | SUBTRACT: | Prepayments of expenses used in computing income in <u>prior year</u> | <input style="width: 100%; height: 25px;" type="text"/> | Line 2 |
| 3 | ADD: | Income earned but not received in computing line A above | <input style="width: 100%; height: 25px;" type="text"/> | Line 3 |
| 4 | SUBTRACT: | Income earned but not received in computing income in <u>prior year</u> but included in line A | <input style="width: 100%; height: 25px;" type="text"/> | Line 4 |

Other Extraordinary items considered (*see "Self Employed Individuals" instructions on back*):

- | | | |
|----------|---|---|
| 5 | <input style="width: 100%; height: 25px;" type="text"/> | Line 5 |
| | <hr style="border: 0; border-top: 1px solid black;"/> | <input style="width: 100%; height: 25px;" type="text"/> |
| | <hr style="border: 0; border-top: 1px solid black;"/> | <input style="width: 100%; height: 25px;" type="text"/> |
| | <hr style="border: 0; border-top: 1px solid black;"/> | <input style="width: 100%; height: 25px;" type="text"/> |
| | <hr style="border: 0; border-top: 1px solid black;"/> | <input style="width: 100%; height: 25px;" type="text"/> |

Total Adjustments (total lines 1 through 5)

 B

Total "Income"

Add A & B

 C

"Income Limit"

Multiply C times 15% - enter this amount on line 2 of the School Fees Calculation Form

 D

To be eligible to pay anything less than full cost of education (i.e. paying the "Income Limit" or the "Floor") you must submit supporting information. Please follow the instructions under "Submitting Your Tax Return" on the back of this form.

MOUNT VERNON CHRISTIAN SCHOOL

"Income Limit Form Instructions"

This form is designed to assist you in the computation of your "Income Limit" on tuition. You must complete this form and follow the "Submitting Your Income Tax Return" instructions below to be eligible for either the "Income Limit" or the "Floor" amounts of tuition.

We are a Christian Community. As such, it is important each member of the community treat this process with the utmost respect and sincerity. Though you are asked to provide supporting information, you must make the determination in your own heart as to what is a fair computation of your income. For most families, their "adjusted gross income" is the fairest amount to use. If this is not representative in your circumstances, please indicate the necessary adjustments on the front of this page.

Self Employed Individuals (filing schedule C or F)

Self employed individuals' taxable income is often "managed" through various tax planning techniques. These adjustments may, or may not, truly reflect your income for the year. This section will give you some areas where you may consider making adjustments. We strongly urge you to discuss this with your tax preparer to gain the greatest understanding.

Line 1: Enter (as a positive number) payments of expenses in the current year which you did not use in your business during that year. Common examples are prepaying for supplies, fertilizer or feed.

Line 2: Enter (as a negative number) expenses you used this year that you paid for in a prior year. This is the opposite of Line 1.

Line 3: Enter (as a positive number) income earned but not received. The most common are accounts receivable from your customers. Also, you may have deferred your income to the following year (Darigold income deferral for example).

Line 4: Enter (as a negative number) income received this year that was earned in a prior year. This is the opposite of Line 3.

Line 5: Enter on these lines unusual income items not subject to tax or unusual expenses you paid that were not tax deductible. Please describe these in detail (attach written explanations and computations) so that the "reviewer" may fully understand the nature of the item. A full explanation will allow the reviewer to make a determination without having to contact you for more information.

Submitting Your Tax Return:

Every family paying an amount less than the "Ceiling" must submit a portion of their income tax return. If you are paying the "Ceiling", do not submit your income tax information. For those required to submit a portion of your tax return, the school is very sensitive to the confidential nature of this information. Therefore, the school has designed the following steps to ensure confidentiality:

1. Only one person will review (the "reviewer") the information you submit. The reviewer will be a qualified person from the Finance Committee. No other member of the school administration, Board or any other committee will see these materials.
2. Copy **pages 1 and 2** (you may copy more if you desire) of your most recent income tax return. Because this information is due with registration on March 31st of each year, you may not have your immediately prior year's return completed. If not, use the year before that as the basis for your calculation.
3. You may white out or black out your identifying information (name, address, social security number, names of dependents, signature block at the bottom of page 2, etc.). If you use this level of security, please be sure to write your "Family Registration Number" (found on the Tuition Calculation Form) prominently at the top of page 1 of your form 1040 copy.
4. Insert this form (make sure your "Family Registration Number" is showing on the front page) and the copies of pages 1 and 2 of your most recent form 1040 into an envelope. Seal the envelope and include with your registration materials. This sealed envelope will be delivered to the "reviewer". If the reviewer has questions, he/she will request your name from the school office using your Family Registration Number so that the reviewer may contact you. To minimize the need for these contacts, please follow these instructions carefully.

Final Thoughts:

The concept of using income as a basis for determining a family's ability to pay tuition may seem uncomfortable to some. However, we are merely stewards of every material thing we have and will eventually return it to its rightful owner. In your prayers relating to this tuition process, please remember those families struggling financially to maintain their commitment to Christian education.