

APPLICATION FOR ADOPTION GRANT

Wellspring Church desires to encourage our members and regular attenders in their pursuit of caring for the most vulnerable in our society—children who are available for adoption and children who are temporarily moved out of their homes. This is an application for a grant to help with the costs of adoption.

CRITERIA FOR GRANTS

Our goal is for children to be adopted into traditional, 2-parent Christian families. We determine what financial assistance we will offer based on the following criteria:

1. The leading of the Holy Spirit as we pray for wisdom
2. The need of the child [special needs, older child, etc.]
3. The financial need of the prospective adoptive parents
4. Availability of funds

PERSONAL INFORMATION

Adoptive Father's Full Name _____

Adoptive Mother's Full Name _____

Mailing Address [US Only] _____

City _____ State _____ ZIP _____

Adoptive Father's Phone Number _____ Adoptive Mother's Phone Number _____

Adoptive Father's Email _____

Adoptive Mother's Email _____

Who is the primary contact? Husband Wife Date of Marriage _____

1. Dates of Birth Adoptive Father ____/____/____ Adoptive Mother ____/____/____

2. U.S. Citizen Adoptive Father Yes No Adoptive Mother Yes No

3. Names and Ages of Children in Family

Name	Age	[B]Biological/[A]Adopted
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_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

4. Do you plan to adopt an older/special needs child? Yes No Not sure

5. Do you have a specific child identified already for this adoption? Yes No

6. Have you completed your dossier [If international]? Yes No N/A

7. Church Member? Yes, since _____ No [If no, regular attender since _____]

8. Church Activities? _____

9. Do you both profess Jesus Christ as your personal Lord and Savior? Yes No

10. Please identify the adoption agency with whom you are working.

Agency Name _____

City _____ State _____ ZIP _____

Contact Person Name _____ Contact's Phone Number _____

11. Please describe your current progress in your adoption process. _____

PERSONAL STATEMENTS OF FAITH

[Please attach additional sheets if more space is needed to answer the questions]

1. Describe your daily walk with God and how you use God's Word [Bible] in your life?

2. What is eternal salvation? How do you become saved?

3. Please, each of you, share your salvation testimonies. [please attach additional papers as may be needed.]

4. What has been your adoption journey?

"Before I formed you in the womb
I knew you," — JEREMIAH 1:5



ADOPTION COSTS

APPLICABLE EXPENSES

Agency Fee	\$ _____
Child's Medical Exam	\$ _____
Home Study	\$ _____
Program Fee	\$ _____
In-Country Fees	\$ _____
INS Fees <i>[International adoptions only]</i>	\$ _____
Notarization/Authentication	\$ _____
Orphanage Fees	\$ _____
Overseas Fees	\$ _____
Translation Fees	\$ _____
Travel First Trip	\$ _____
Travel Second Trip	\$ _____
Visas	\$ _____
Other	\$ _____
Total Adoption Cost	\$ _____

AVAILABLE RESOURCES TO COVER ADOPTION COSTS

Personal Funds <i>[Savings, etc.]</i>	\$ _____
Employer Benefit <i>[if available]</i>	\$ _____

Other Grants/Loans/Gifts Received:

Describe _____	\$ _____
Describe _____	\$ _____
Describe _____	\$ _____
Federal tax credit <i>[See attached schedule]</i>	\$ _____
Michigan Tax Credit <i>[See Attached Schedule]</i>	\$ _____
Other source of funds <i>[please specify]</i>	\$ _____

Total Estimated Resources	\$ _____
Deficit	\$ _____

The preceding information, to the best of my knowledge, is true and accurate and can be relied upon for purposes of issuing grants from the Wellspring Adoption Fund. I/we understand that the decision of the Foster Care & Adoption Support Advisory Team is final and is not negotiable.

Printed Name - Father

Printed Name - Mother

Signed

Signed

Dated

Dated

TAX CREDIT WORKSHEET

FEDERAL TAX CREDIT INFORMATION

- A. The federal tax credit is phase out starting at a gross income of \$214,520.
- B. The federal tax credit is not available for adopting stepchildren.
- C. The federal tax credit is taken in the year of the expense for domestic adoptions and the year that the adoption is finalized for international adoptions.
- D. The maximum available credit for 2021 is \$14,300.
- E. The federal tax credit can be used in the year of the related expense (domestic) and any unused credit can be carried forward 4 more years.

ESTIMATED FEDERAL TAX CALCULATION.

- 1. Tax for the most recently filed federal tax return _____
- 2. Line 1 less any large, unusual items *(i.e. sale of a costly asset, unusual commissions, etc.)* _____
- 3. Line 2 times line 4 _____
- 4. Sum of line 1 and line 3 _____
- 5. Lesser of Line 4 or \$14,300. This is your total estimated federal tax credit. _____

MICHIGAN TAX CREDIT

The tax credit for Michigan is \$1,200 and is a refundable tax credit. That means if your tax liability is less than \$1,200, you still will receive \$1,200 of a credit, and the difference the credit and the tax assessed will be refunded / sent to you.

See the following for a Q & A of the Federal tax credit.

FEDERAL ADOPTION TAX CREDIT

CLAIMING THE FEDERAL ADOPTION TAX CREDIT FOR ADOPTIONS FINALIZED FROM 2012 TO 2021.

Updated February 2020

WHO IS ELIGIBLE FOR THE ADOPTION TAX CREDIT?

You can claim the federal adoption tax credit if:

You adopted a child other than a stepchild. You could claim the credit if you adopted from foster care, adopted internationally, adopted a relative's child, or adopted privately from US (except your spouse's child). If you were adopting from the US, you can also claim the credit for expenses for a failed or non-finalized adoption, although you need to wait until a year after you incur the expenses.

AND

At the time of adoption, the child was under 18 /or physically or mentally unable to take care of him or herself.

HOW DOES MY INCOME AFFECT MY BENEFIT?

How much you will benefit from the credit depends on your income and federal income tax liability—which is the amount you are responsible for in federal income taxes. Those who have lower incomes may not be able to use the credit and those with moderate incomes often can't use the whole amount.

For those with higher incomes, the credit phases out. For 2018, those with adjusted gross incomes above \$247,140 could not claim the credit; those with incomes from \$207,140 to \$247,140 could claim a portion of the credit.

HOW MUCH CAN I CLAIM?

ADOPTIONS FROM FOSTER CARE WHEN THE CHILDREN RECEIVE ADOPTION ASSISTANCE

When a child adopted from US foster care receives adoption assistance (also known as adoption subsidy) it is considered a special needs adoption for the purposes of the adoption tax credit, even if the child does not have a disability. Children with disabilities who do not receive adoption assistance/adoption subsidy benefits are not considered special needs for purposes of the adoption tax credit. Some private domestic adoptions may also receive adoption assistance and therefore be considered special needs for the adoption tax credit.

If you completed a special needs adoption from foster care (as defined above), you can claim the federal adoption tax credit even if you had no adoption expenses. (This doesn't mean, though, that you will receive the full credit. How much you can receive still depends on your income as explained in the next section below.)

If you receive adoption assistance or adoption subsidy benefits for your child, you can claim the maximum credit (\$13,810 per child for adoptions finalized in 2018) as your expenses, even if you had little or no expenses.

OTHER ADOPTIONS

For all other adoptions (except those where you adopt your spouse's child, which are not eligible for the credit), you must have qualified adoption expenses to claim the credit. These expenses are the costs associated with completing the legal adoption of a child, such as attorney's fees, court costs, agency fees, home study costs, travel to complete the adoption, etc.

WILL I BENEFIT FROM THE ADOPTION TAX CREDIT?

What you can claim is different from how much you will actually be able to use. How much of the adoption tax credit you will actually use depends on your income and personal tax situation. Whether an adoption is considered special needs does not affect how much you will be able to benefit from the adoption tax credit. It only enables you to claim the full amount of the credit even if you did not have any expenses.

The adoption tax credit is a nonrefundable credit, which means it only offsets your federal income tax liability. Your income tax liability is the amount you are responsible for in federal income taxes for the year.

If you have ever done your taxes manually, your federal income tax liability is roughly the amount you would look up in the tax tables in the back of the instructions. If you want to see what your tax liability was in 2018, you can look at line 41 of Form 1040. If the line is blank or zero, you had no federal income tax liability. People with no tax liability will not benefit from the adoption credit this year. You can still file for the credit so you can carry it forward to future years if your tax situation changes. [Please note that the amount on line 24 is not exactly the amount you would benefit because there are some credits that come before the adoption credit, including the non-refundable child tax credit amount on line 28 of form 1040.]

If you can't use all of the credit in the year you claim it, you can carry the remainder forward for up to five more years to offset any of those years' federal tax liability.

DATA SHOWS:

- Families with adjusted gross incomes of less than \$30,000 are not likely to benefit from the adoption tax credit at all because they do not owe any federal taxes.
- Those making \$30,000 to \$50,000 will probably be able to use only a portion of the credit (maybe a few thousand), with the benefit spread out over six years.
- Those making more than \$100,000 can typically use most of the credit for one child in a year or two.

ADOPTION TAX CREDIT BASICS

AMOUNT OF THE ADOPTION TAX CREDIT

The adoption tax credit is a one-time credit and the amount you can claim depends on the year you finalized your child's adoption.

2020	\$14,300
2019	\$14,080
2018	\$13,810

Jesus said, "Let the little children come to me, and do not hinder them, for the kingdom of heaven belongs to such as these."
— MATTHEW 19:14



WHEN YOU CLAIM THE ADOPTION TAX CREDIT

DOMESTIC ADOPTIONS

For a special needs adoption [adoption of a child from U.S. foster care who receives adoption assistance benefits], you claim the adoption tax credit the year it is finalized. So, if you finalize in January 2018, you claim the 2018 adoption tax credit when you do your taxes for 2018 [typically early in 2019].

For other domestic adoptions, you can claim your qualified adoption expenses before the adoption is finalized, but you must wait a year after the expenses are incurred to claim the credit for a non-finalized adoption. So, if you started the adoption process of a US child in 2018 and had expenses that year, you must claim them when you filed your taxes for 2019 [in early 2020]. If the adoption then finalized in 2020, you would claim your 2019 and 2020 expenses with your 2018 taxes. The total maximum you could receive would be the 2020 limit, which is \$14,300.

See the information below:

IF YOU HAD EXPENSES...

any year before the adoption becomes final,
the year the adoption becomes final,
any year after the adoption becomes final,
the year the adoption becomes final,
any year after the year the adoption becomes final,

THEN TAKE THE CREDIT...

the year after the year of payment.
the year the adoption becomes final.
the year of the payment.
the year the adoption becomes final.
the year of the payment.

INTERNATIONAL ADOPTIONS

You cannot claim the adoption credit for an international adoption until the adoption is finalized.

IF YOU HAD EXPENSES...

any year before the adoption becomes final,
the year the adoption becomes final,
any year after the year the adoption becomes final,

THEN TAKE THE CREDIT...

the year the adoption becomes final.
the year the adoption becomes final.
the year of the payment.

EXCLUSION

The law also allows adoptive parents whose employers offer an approved adoption assistance program to exclude any reimbursed expenses from their taxable income. Parents cannot claim the expenses for the exclusion and the credit. For example, a family spends \$17,000 on their adoption, and the employer reimburses \$10,000 through an approved adoption assistance program. The family can exclude the \$10,000 from their taxable income and claim only the remaining \$7,000 for the adoption credit.

Those who adopt children with special needs can use the maximum amount of the exclusion [\$14,300 for 2020] regardless of any expenses or reimbursement as long as their employer offers a qualified adoption assistance program.

Please review the instructions for Form 8839 for more information on the exclusion.