



POPE JOHN XXIII HIGH SCHOOL

January 19, 2011

Dear Host Families:

We have received a tax opinion from Grant Thornton, the diocesan and school auditor, that the stipend payments are compensation to the host families which must be reported on a 1099.

Therefore, we are requesting your social security number so that we can provide this information to the diocese.

We are enclosing a copy of the tax code and will send you a copy of the auditor's opinion letter once we receive your social security number.

Please feel free to call the Guidance office with your number or complete the enclosed form and return it to the Business Office. No further stipend checks can be issued without your cooperation.

I am sorry for any inconvenience this may cause you. Please feel to take this information to your accountant for his/her review.

Thanking you for your cooperation, I am

Sincerely,

A handwritten signature in black ink, appearing to be "K. McHugh", written over a faint circular stamp.

Rev. Msgr. Kieran McHugh

President



POPE JOHN XXIII HIGH SCHOOL

Cultural Exchange Program

I understand that it is the opinion of Grant Thornton that the stipend payments are compensation to the host families which must be reported on a 1099.

Name _____

Address _____

Social Security # _____

Signature _____

Please complete and return to Pope John XXIII High School, 28 Andover Road, Sparta, New Jersey 07871, Ms. K. Mowatt, Business Office.



IRS Tax Information on Host Family Tax Deductions
Excerpted from IRS Publication #526 – Charitable Contributions:
For use in preparing 2009 Returns (<http://www.irs.gov/pub/irs-pdf/p526.pdf>)

Expenses Paid for Student Living With You

You may be able to deduct some expenses of having a student live with you. You can deduct qualifying expenses for a foreign or American student who:

1. Lives in your home under a written agreement between you and a qualified organization (defined later) as part of a program of the organization to provide educational opportunities for the student,
2. Is not your relative (defined later) or dependent (also defined later), and
3. Is a full-time student in the twelfth or any lower grade at a school in the United States.



You can deduct up to \$50 a month for each full calendar month the student lives with you. Any month when conditions (1) through (3) above are met for 15 or more days counts as a full month.

Qualified organization. For these purposes, a qualified organization can be any of the organizations described earlier under *Organizations*

That Qualify To Receive Deductible Contributions, except those in (4) and (5). For example, if you are providing a home for a student through a state or local government agency, you cannot deduct your expenses as charitable contributions.

Relative. The term "relative" means any of the following persons.

- Your child, stepchild, foster child, or a descendant of any of them (for example, your grandchild). A legally adopted child is considered your child.
- Your brother, sister, half brother, half sister, stepbrother, or stepsister.
- Your father, mother, grandparent, or other direct ancestor.
- Your stepfather or stepmother.
- A son or daughter of your brother or sister.
- A brother or sister of your father or mother.
- Your son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law.

Dependant. The term "dependant" for this purpose means:

1. A person you can claim as a dependent, or
2. A person you could have claimed as a dependent except that:
 - a. He or she received gross income of \$3,650 or more,
 - b. He or she filed a joint return, or
 - c. You, or your spouse if filing jointly, could be claimed as a dependent on someone else's 2009 return.

Qualifying expenses. Expenses that you may be able to deduct include the cost of books, tuition, food, clothing, transportation, medical and dental care, entertainment, and other amounts you actually spend for the well-being of the student.

Expenses that do not qualify. Depreciation on your home, the fair market value of lodging, and similar items are not considered amounts spent by you. In addition, general household expenses, such as taxes, insurance, repairs, etc., do not qualify for the deduction.

Reimbursed expenses. If you are compensated or reimbursed for any part of the costs of having a student living with you, you cannot deduct any of your costs. However, if you are reimbursed for only an extraordinary or a one-time item, such as a hospital bill or vacation trip, that you paid in advance at the request of the student's parents or the sponsoring organization, you can deduct your expenses for the student for which you were not reimbursed.

Mutual exchange program. You cannot deduct the costs of a foreign student living in your home under a mutual exchange program through which your child will live with a family in a foreign country.

Reporting expenses. For a list of what you must file with your return if you deduct expenses for a student living with you, see *Reporting expenses for student living with you* under *How To Report*, later.