



**Marion-Polk Food
Share**
**Financial Reports for
Board Packet**
 December 6, 2018

Financial Reports

<u>Documents</u>	<u>Page</u>
October 2018 Financial Reports	
• Financial Memo	2
• Graph 1: Balance Sheet	3
• Graph 2: Income Statement.....	4
• Report 1: Statement of Financial Position – Year-over-Year Review	5
• Report 2: Statement of Cash Flows	6
• Report 3: Statement of Activities	7-8
• Chart of Account Category Description & Definition.....	9-10
• Donation Revenue by Fund Category & Activity.....	11
• Definition for Donation Revenue by Fund Category & Activity.....	12
Investment Policy.....	13
Gift Acceptance Policy.....	16



MEMO

Date: November 9, 2018

To: Marion-Polk Food Share Board of Directors

From: James E. Green

Re: October 2018 Financials

Summary

The first four months of fiscal year 2019 (ended October 31) showed strong financial performance. The organization is healthy with a net operating surplus of \$270,000. That is \$204,000 better than budget yet 4% worse than last year. The total surplus including donated food was \$709,000, \$671,000 better than budget and \$487,000 better than last year. Total net assets increased by \$731,000 from last year. Cash and investments totaled \$2.9 million, \$464,000 better than last year.

Some highlights:

Statement of Financial Position - Year-over-Year (Report 1):

- Food inventory was \$417,000 better than last year.
- Investments were \$813,000 better than last year after moving \$770,000 from cash and money markets to our brokerage account to invest in bank certificates of deposit.

Statement of Cash Flows – Year-over-Year (Report 2):

- Capital expenditures were \$14,000 for work in process on route planning software for Meals on Wheels and for a new phone system.

Statement of Activities - Actual to Budget/Year-over-Year Variance (Report 3):

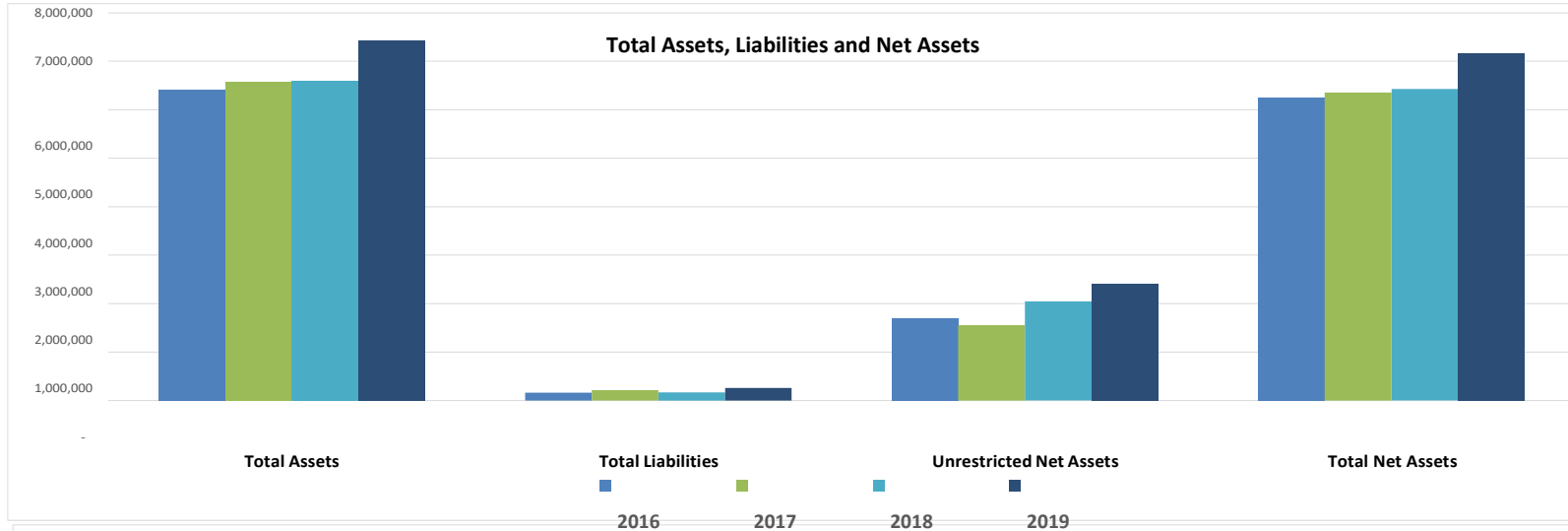
Operating revenue was nearly \$163,000 better than budget.

- Donation revenue was \$149,000 better than to budget. Donation revenue was also \$123,000 better than last year. Perhaps half this variance is the timing of budgeted donations.

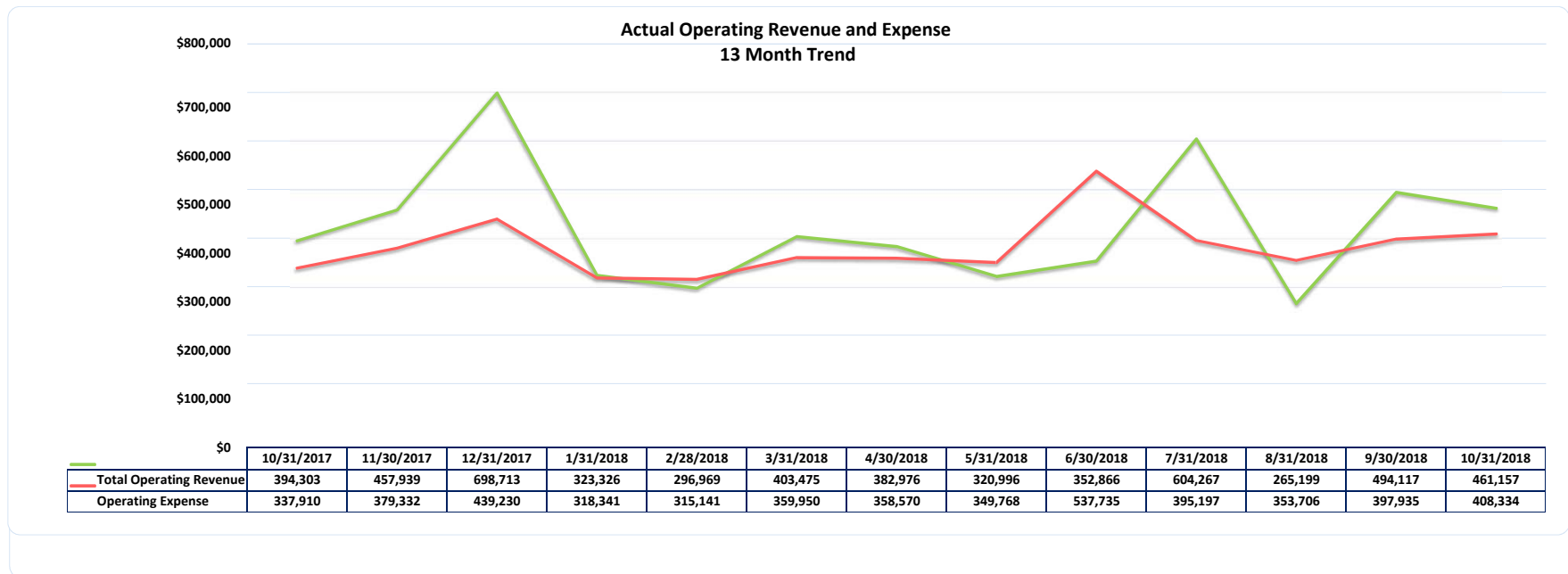
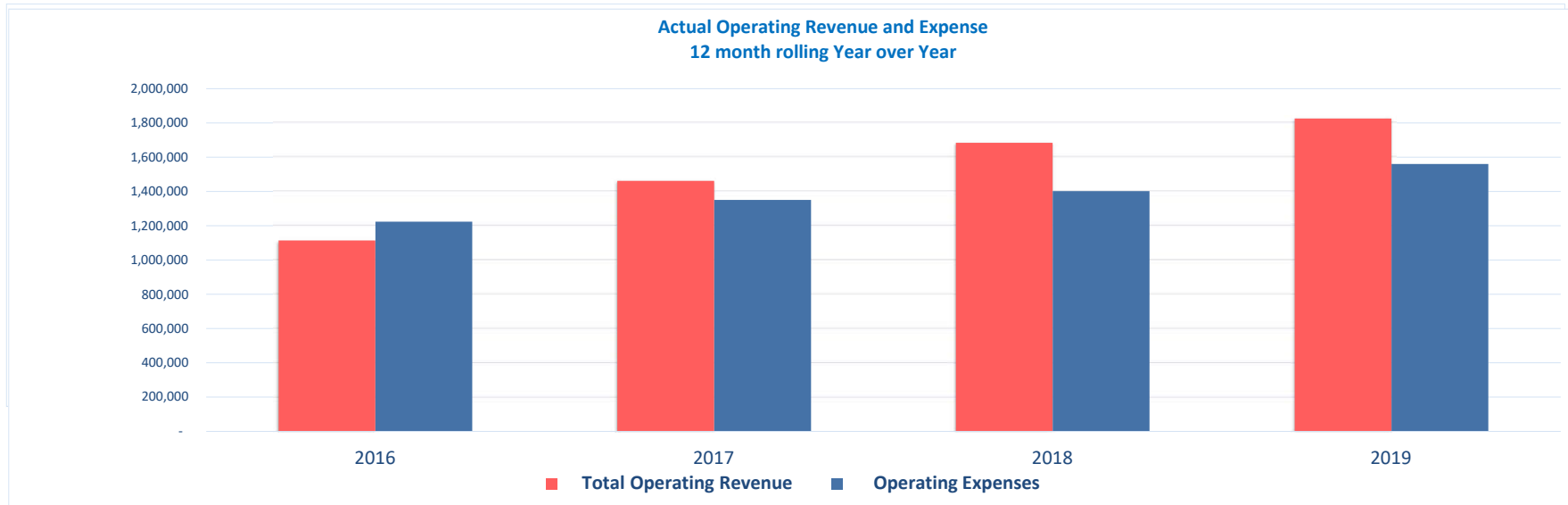
Operating expenses were \$41,000 better than budget.

- Food purchases were \$14,000 worse than budget due to the timing of FEMA purchases.
- Salaries & related was \$62,000 better than budget primarily due to vacancies. It was \$91,000 worse than last year.
- Contracts and professional fees was \$21,000 worse than budget due to temporary help in the warehouse.

**Marion-Polk Food Share, Inc.
October 2018**



Marion-Polk Food Share, Inc.
October 2018



Marion-Polk Food Share
Statement of Financial Position - Year over Year Review
As of October 31, 2018

	<u>Current year</u>	<u>Prior year</u>	
	<u>Actual</u>	<u>Actual</u>	<u>Variance</u>
	<u>10/31/2018</u>	<u>10/31/2017</u>	<u>Fav (Unfav)</u>
ASSETS			
Cash and other assets			
Liquid cash, cash equivalents	\$872,346	\$1,219,911	(\$347,564)
Accounts & grants receivable, net	\$227,099	\$247,054	(\$19,955)
Prepaid expenses and deferred charges	\$110,066	\$106,055	\$4,011
Total cash and other assets	<u>\$1,209,512</u>	<u>\$1,573,020</u>	<u>(\$363,508)</u>
Inventory			
Food inventory	\$1,107,478	\$690,432	\$417,046
Total Inventory	<u>\$1,107,478</u>	<u>\$690,432</u>	<u>\$417,046</u>
Investments			
Investments	\$1,752,604	\$950,259	\$802,345
Investments - OCF True Endowment	\$259,653	\$249,267	\$10,386
Total Investments	<u>\$2,012,257</u>	<u>\$1,199,526</u>	<u>\$812,732</u>
Land, buildings and equipment, net			
Land, buildings, and equipment, net	<u>\$3,095,081</u>	<u>\$3,135,119</u>	<u>(\$40,037)</u>
Total Land, buildings and equipment, net	<u>\$3,095,081</u>	<u>\$3,135,119</u>	<u>(\$40,037)</u>
Total ASSETS	<u>\$7,424,328</u>	<u>\$6,598,096</u>	<u>\$826,232</u>
LIABILITIES & NET ASSETS			
Liabilities			
Accounts payable and accrued expenses	\$141,755	\$58,040	(\$83,716)
Deferred revenue	\$30,530	\$30,000	(\$530)
Accrued payroll liabilities	\$92,759	\$82,122	(\$10,638)
Total Liabilities	<u>\$265,045</u>	<u>\$170,161</u>	<u>(\$94,883)</u>
Net assets			
Unrestricted	\$2,415,537	\$2,047,762	\$367,775
Temporarily restricted	\$303,232	\$330,092	(\$26,860)
Permanently restricted	\$237,955	\$237,310	\$645
Land, buildings and equipment, net	\$3,095,081	\$3,140,303	(\$45,222)
Inventory	\$1,107,478	\$672,466	\$435,012
Total Net assets	<u>\$7,159,284</u>	<u>\$6,427,934</u>	<u>\$731,349</u>
Total LIABILITIES & NET ASSETS	<u>\$7,424,328</u>	<u>\$6,598,096</u>	<u>(\$826,232)</u>

* Inventory value is updated at the end of the fiscal year. Donated inventory is valued at \$1.25 per pound.

* Unrestricted net assets - Designated by the governing board includes the Board Designated Endowment; current balance is \$702,270.

Marion-Polk Food Share
Statement of Cash Flows

YTD ending October 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Net surplus	\$ 709,704
Adjustments to reconcile net surplus to cash from operations	<u>(262,755)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	446,949

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of fixed assets	(13,918)
Investments in Wells Fargo Advisors	<u>(770,841)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(784,759)

NET INCREASE/(DECREASE) IN CASH (337,811)

CASH AND CASH EQUIVALENTS AS OF 7/1/2018 1,210,157

CASH AND CASH EQUIVALENTS AS OF 10/31/2018 \$ 872,346

Marion-Polk Food Share
Statement of Activities - Consolidated Organization
 Actual to Budget & Year-Over-Year Variance Report

	Year-to-Date	Budget		Year-over-Year			
	Current Year FY 19 Actual 7/1 - 10/31/2018	Budget (Approved Oct 2018) 7/1 - 10/31/2018	\$ Variance Fa (Un)	% Variance Fa (Un)	Last Year FY 18 Actual 7/1 - 10/31/2017	\$ Variance Fa (Un)	% Variance Fa (Un)
Operating							
Operating Revenue							
Donations	\$1,435,790	\$1,287,043	\$148,746	12 %	\$1,312,773	\$123,017	9 %
Program Service Revenue	\$363,045	\$360,284	\$2,761	1 %	\$335,536	\$27,508	8 %
Interest and investments	\$25,906	\$14,633	\$11,273	77 %	\$35,344	(\$9,439)	(27)%
Total Operating Revenue	<u>\$1,824,740</u>	<u>\$1,661,960</u>	<u>\$162,780</u>	<u>10 %</u>	<u>\$1,683,654</u>	<u>\$141,086</u>	<u>8 %</u>
Operating Expenses	\$1,555,171	\$1,596,475	\$41,303	3 %	\$1,402,600	(\$152,571)	(11)%
Net surplus/(deficit) - Operating	<u>\$269,569</u>	<u>\$65,485</u>	<u>\$204,084</u>	<u>312 %</u>	<u>\$281,053</u>	<u>(\$11,485)</u>	<u>(4)%</u>

Marion-Polk Food Share
Statement of Activities - Consolidated Organization
 Actual to Budget & Year-Over-Year Variance Report

	Year-to-Date	Budget		Year-over-Year			
	Current Year FY 19 Actual 7/1 - 10/31/2018	Budget (Approved Oct 2018) 7/1 - 10/31/2018	\$ Variance Fa (Un)	% Variance Fa (Un)	Last Year FY 18 Actual 7/1 - 10/31/2017	\$ Variance Fa (Un)	% Variance Fa (Un)
Food							
Donated food							
Food Received-Donated	\$3,266,050	\$2,817,101	\$448,949	16 %	\$2,554,289	\$711,761	28 %
Food Received-USDA	\$346,748	\$210,548	\$136,201	65 %	\$256,458	\$90,291	35 %
Total Donated food	<u>\$3,612,798</u>	<u>\$3,027,649</u>	<u>\$585,149</u>	<u>19 %</u>	<u>\$2,810,747</u>	<u>\$802,052</u>	<u>29 %</u>
Food distributed (donated)							
Distributed Food - USDA	\$321,433	\$210,548	(\$110,885)	(53)%	\$279,428	(\$42,005)	(15)%
Distributed Food - Non USDA	\$2,822,829	\$2,817,101	(\$5,728)	0 %	\$2,513,354	(\$309,475)	(12)%
Total Food distributed	<u>(\$3,144,262)</u>	<u>(\$3,027,649)</u>	<u>\$116,612</u>	<u>4 %</u>	<u>(\$2,792,781)</u>	<u>\$351,480</u>	<u>13 %</u>
Total Food	<u>\$468,537</u>	<u>\$0</u>	<u>\$468,537</u>	<u>0 %</u>	<u>\$17,965</u>	<u>\$450,572</u>	<u>2,508 %</u>
Capital							
Capital Revenue	\$55,000	\$55,000	\$0	0 %	\$0	\$55,000	0 %
Less: depreciation	\$83,532	\$82,000	(\$1,532)	(2)%	\$76,347	(\$7,185)	(9)%
Net Surplus/(Deficit) - Capital	<u>(\$28,532)</u>	<u>(\$27,000)</u>	<u>(\$1,532)</u>	<u>(6)%</u>	<u>(\$76,347)</u>	<u>\$47,815</u>	<u>63 %</u>
Endowment							
Endowment Revenue	\$130	\$200	(\$70)	(35)%	\$150	(\$20)	(13)%
Net Surplus/(Deficit) - Endowment	<u>\$130</u>	<u>\$200</u>	<u>(\$70)</u>	<u>(35)%</u>	<u>\$150</u>	<u>(\$20)</u>	<u>(13)%</u>
In-kind							
Contributions	\$14,668	\$0	\$14,668	0 %	\$17,164	(\$2,495)	(15)%
Less: In-kind expense	\$14,668	\$0	(\$14,668)	0 %	\$17,164	\$2,495	15 %
Net surplus/(deficit) - In-Kind	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0 %</u>	<u>\$0</u>	<u>\$0</u>	<u>0 %</u>
BEGINNING NET ASSETS	<u>\$6,449,580</u>	<u>\$6,449,580</u>	<u>\$0</u>	<u>0 %</u>	<u>\$6,205,113</u>	<u>\$244,467</u>	<u>4 %</u>
NET SURPLUS/(DEFICIT)	<u>\$709,704</u>	<u>\$38,685</u>	<u>\$671,019</u>	<u>1,735 %</u>	<u>\$222,821</u>	<u>\$486,882</u>	<u>219 %</u>
ENDING NET ASSETS	<u><u>\$7,159,284</u></u>	<u><u>\$6,488,265</u></u>	<u><u>\$671,019</u></u>	<u><u>10 %</u></u>	<u><u>\$6,427,934</u></u>	<u><u>\$731,349</u></u>	<u><u>11 %</u></u>

Marion-Polk Food Share

Account Category Description	Definition
Operating	
Operating Revenue	
Donations	Donation revenue from Raisers Edge, federal , state and local grant revenue, foundation grants
Program Service Revenue	
MOW Home Delivered Meal Revenue	Revenue for providing home delivered meals to private pay clients, as well as Medicare, Oregon Project Independence (OPI) and Older American Act (OAA) programs
Contract Revenue (Grand Ronde)	Revenue from Confederated Tribes of Grand Ronde contract
Food Service Revenue	Revenue from operation of MOW café, restaurant, and catering
Vocational Training Contract Revenue	Revenue to reimburse costs associated with JOBS + vocational training program
Farm Revenue	Revenue from crop sales, CSA sales, Saturday market sales, and land lease
Food Product Sales	Sales of Better Burger
SNAP Outreach	Reimbursement of costs related to SNAP outreach efforts
Miscellaneous Revenue	Sales of broken pallets, cardboard, etc. Plot rentals for community gardens. Other miscellaneous usually one-time items
Total Program Service Revenue	
Interest and investments	Revenue related to investment gains/losses and interest earnings
Total Operating Revenue	
Operating Expense	
Operating Expenses	
Emergency Food Purchase (for distribution)	Food purchases for distribution through agency networks or programs
Production Food Purchases	Food purchases for value-added food items (MOW meals and food service, ingredients for Better Burger production)
Salaries & Related Expenses	Salary costs, benefits and taxes
Contracts & Professional Fees	Legal fees, audit fees, consultant and independent contactor fees
Supplies, Printing, Postage	Office supplies, small equipment, postage and shipping, printing, books and subscriptions
Program Supplies	Supplies related to running programs (such as gardens, Youth Farm, MOW, VAC)
Network Development	Costs for equipment or monetary support of agencies in MPFS network
Occupancy Expenses	Building maintenance, utilities, telephones, rent (MOW facility and off-site food storage)
Equipment and Vehicle Expenses	costs to maintain and insure vehicles and equipment
Meetings & Professional Development	Costs for staff professional development and trainings, meetings, conferences, mileage reimbursement and other travel related costs. Also includes meetings/conferences MPFS staff hosts for agency network and other audiences.

Marion-Polk Food Share

Account Category	Description	Definition
	Volunteer & Donor Development	Costs associated with stewarding donors, volunteers and board
	Advertising, Marketing & Event Expenses	Costs to promote MPFS, including website, media advertisement, and events
	Computer Expenses	Costs to maintain technology: software, hardware and network. This includes outsourced IT professional support.
	Membership Dues	Dues for various organizations MPFS is members of (Rotary, Chamber, etc.)
	Bank Fees	Fees for banking services, including credit card merchant fees
	Liability Insurance Expense	Liability and Directors and Officers annual insurance premium fees
	Other Expenses	Miscellaneous expenses, licenses and fees, penalty and late fees, bad debt expense
	Total Operating Expenses	
Capital	Net surplus/(deficit) - Operating	Operating revenue less operating expenses
	Capital Revenue	Revenue for capital projects. Expenses for capital projects do not appear on the Statement of Activities. They appear on the Statement of Financial Position as increases to assets. An asset is capitalized if it is over \$5,000 and a life of one year or greater.
	Less: depreciation	Expense for the current period use of assets purchased in the past.
Endowment	Net Surplus/(Deficit) - Capital	Capital revenue less depreciation
	Endowment Revenue	Donations restricted to the endowment. The principal cannot be used, but earnings are allowed to be used for general operations, or as otherwise specified by the donor.
In-kind	Net Surplus/(Deficit) - Endowment	
	Contributions	Non-financial contributions, that are not capital assets (items over \$5,000 in value and with a life of over one year)
	Less: In-kind expense	In-kind gifts are usually immediately put to use, and the expense is recognized. This is the account used to realize the expense.
	Net surplus/(deficit) - In-Kind	In-kind contributions less in-kind expenses.
	BEGINNING NET ASSETS	Value of the organization's assets, less liabilities, at the beginning of the period.
	NET SURPLUS/(DEFICIT)	Total revenue less total expenses (includes operating, capital, endowment and in-kind)
	ENDING NET ASSETS	Value of the organization's assets, less liabilities, at the end of the period.

Marion-Polk Food Share

Donation Revenue by Fund Category and Activity

	Past Year	Current Year	Variance
	Fiscal Year to Date	Fiscal Year to Date	Fiscal Year to Date
	Actual	Actual	Variance
	7/1/2017 -	7/1/2018 -	
	10/31/2017	10/31/2018	
Operating Revenue			
Donor Communications	\$105,488	\$134,433	\$28,945
Events	\$150,464	\$168,626	\$18,162
Food and Food Drives*	\$188,027	\$179,075	(\$8,953)
Fundraisers	\$4,995	\$9,660	\$4,665
Grant Proposals	\$179,659	\$277,558	\$97,899
Mission and Brand Awareness**	\$68,678	\$183,343	\$114,664
Monthly Sustainer Circle	\$253,704	\$255,859	\$2,155
Online Solicitations	\$0	\$0	\$0
Planned Gifts	\$118,095	\$61,062	(\$57,033)
Personal Solicitations	\$170,190	\$136,220	(\$33,970)
Total Operating Revenue	\$1,239,301	\$1,405,835	\$166,534
Capital Revenue			
Donor Communications	\$0	\$0	\$0
Fundraisers	\$0	\$0	\$0
Grant Proposals	\$0	\$0	\$0
Mission and Brand Awareness	\$0	\$0	\$0
Monthly Sustainer Circle	\$0	\$0	\$0
Personal Solicitations	\$0	\$55,000	\$55,000
Total Capital Revenue	\$0	\$55,000	\$55,000
Endowment Revenue			
Donor Communications	\$150	\$130	(\$20)
Food and Fund Drives	\$0	\$0	\$0
Mission and Brand Awareness	\$0	\$0	\$0
Planned Gifts	\$0	\$0	\$0
Personal Solicitation	\$0	\$0	\$0
Total Endowment Revenue	\$150	\$130	(\$20)
Total Revenue	\$1,239,451	\$1,460,965	\$221,514

* CenturyLink donation was \$100,000 in July 2017 and \$58,252 in July 2018.

** Includes stock gift valued at \$97,668, which was received in Sept 2018

Note: In this report, donations are recorded on a cash basis (when the donation arrives at the Food Share). These numbers will vary from other financial reports, which record revenue on an accrual basis. Government grants and event revenue are the most likely to have different cash and accrual dates.

Marion-Polk Food Share

Donation Revenue by Fund Category and Activity

The definitions below indicate the activity which generated the donation. They do not indicate the type of donor. For example, an unsolicited foundation grant is included in Mission and Brand Awareness. A donation from a Monthly Sustainer in response to a direct mail solicitation is included in Direct Mail.

Activity	Definition
Donor Communications	Mass mailings for communicating with donors and/or soliciting donations
Events	Events with ticket sales, includes revenue from sponsorships, auctions, donations during the event
Food and Food Drives	Food and Fund drives of all sizes
Fundraisers	Events without ticket sales
Grant Proposals	Grants received in response to a proposal
Mission and Brand Awareness	Donations which cannot be tracked to a specific activity, including unsolicited grants, general online donations, general mailed donations
Monthly Sustainer Circle	Donations made as part of a monthly sustainer commitment
Online Solicitations	Donations which can be tracked to a specific online activity, including email, social media links, etc.
Personal Solicitations	Face to face solicitation, including individuals and small groups
Planned Gifts	Bequests, annuities and other planned gifts



Investment Policy

Purpose

The purpose of this Investment Policy for Marion-Polk Food Share (the Food Share) is to provide a clear statement of investment objectives, define the responsibilities and authorities of the Board of Directors and other parties responsible for managing Food Share's resources, and to identify permissible investment vehicles.

Investment Policy

Investment objective

The objective of Food Share investments is to balance rates of return on investments against the risks of loss and expenses. This is done by planning, diversification, and monitoring.

General provisions

- All transactions shall be for the sole benefit of the Food Share.
- The Directors shall review and approve the Investment Policy annually to consider if circumstances warrant a change.
- The Directors shall ensure proper periodic review Food Share investments to verify their existence, rates of return, and compliance with this policy.

Delegation of responsibility; reliance on experts and advisors

- The Board, or its delegated committee, is charged with managing Food Share investments including:
 - Determining the need for liquidity and appropriate investment duration,
 - Setting the level of tolerance for volatility and potential unrealized or realized investment losses,
 - Engaging or not engaging investment advisors and custodians as appropriate for the economic circumstances.

Investment guidelines

- A cash account shall be maintained with negligible risk of loss. It shall maintain a balance adequate to cover obligations payable within no less than 30 days and no more than 90 days.
- Unrestricted monetary funds in excess of amounts necessary for near term liquidity are considered temporary investments and shall be invested.
- If not otherwise directed by the Board, or its authorized delegate, temporary investments shall be invested by management in FDIC insured certificates of deposit of varying maturities but no greater than one year.
- Temporary investments determined by the Board, or its delegate, to be available for periods greater than one year may be invested in investment vehicles for durations as determined by The Board. These investments may include:
 - US Treasury securities,
 - Government agency securities,
 - Investment grade fixed income securities,
 - US equities of publicly traded companies, and
 - Index funds.
- Investments specifically prohibited include:
 - Bank deposits in excess of amounts insured by FDIC,
 - Blind investment pools [other than Oregon Community Foundation],
 - Precious metals,
 - Commodities,
 - Stock options or warrants, or
 - Life insurance
- Temporary investments shall be readily marketable.
- Contributions that are permanently restricted and invested as specifically instructed by donors may be accepted.
- Contributions that are permanently restricted but not limited to particular investments by the donor shall not be invested in prohibited investments.
- Earnings from permanently restricted investments shall be invested in temporary investments as they become available.

Diversification

- Investments in corporate debt securities of a single company shall not exceed 10% of temporary investments,
- Investments in equity of any one company shall not exceed 5% of temporary investments.

Performance

- Investment performance shall be measured net of investment fees.
- Investment performance shall be reviewed by the Board at least annually against market indices of similar investments.



Gift Acceptance Policy

Draft Revision 10/8/18

Purpose

The following Gift Acceptance Policies are intended to guide the fundraising efforts of Marion-Polk Food Share (the Food Share) and to establish basic guidelines for acceptance of charitable contributions.

Gift Acceptance Policy

I. General Principles

General

Marion-Polk Food Share accepts gifts for the purpose of furthering its mission. The Food Share will refuse gifts that are offered for purposes that are inconsistent with this mission. The Food Share shall not accept gifts that would subject the organization to undue risk or loss. The Food Share reserves the right to decline gifts from which it will realize little or no financial gain.

In accepting and structuring gifts, the Food Share will adhere to the principle of achieving a fair and proper balance between the interests of the donor and the mission of the organization. A gift cannot be accepted under conditions that permit the donor to direct the use of the gift for a purpose that directly benefits the donor. A gift will not be urged upon any donor or prospective donor that would benefit the Food Share at the expense of the donor.

The Food Share shall conduct its affairs in a way that is ethical and consistent with its status as a tax-exempt organization as defined by the Internal Revenue Service. The Food Share will not accept any gift that violates Internal Revenue Code requirements or any other federal or state laws.

All records and information concerning donors or prospective donors, whether written, electronic or oral shall be maintained in a manner that ensures its confidentiality. Such information shall only be accessed by staff and Board members when access is appropriate to their job duties or Board responsibilities. Board and staff members with this access shall be informed on the handling and safeguarding of confidential donor information. Donor testimonials or examples shall only be used with the donor's permission.

In order to be sensitive to all community audiences, the Food Share may accept a gift but decline to publicly promote or advertise the donor's support. This primarily pertains to controversial industries. The Food Share also reserves the right to refuse gifts that conflict with its mission, such as organizations that participate in discrimination or hate speech. The

Food Share will not accept donations that are known to be from illegal sources. Where federal and state law differ, the Food Share will defer to state law.

Food Share Representatives

Gift acceptance is the final responsibility of the Vice President of Development and the CEO/President. Gift agreements are subject to approval by the Board of Directors when such agreements are outside the scope of the CEO/President's authority as defined by the Board.

Responsibility for day-to-day management of the Development program rests with the Vice President of Development. The Vice President of Development may seek counsel from the CEO/President, Board Members and other experts as needed to make informed decisions on gift acceptance within their authority. If it is questionable whether a gift conforms to these gift acceptance policies, it may be submitted to the Board of Directors for review and recommendation.

All Representatives of the Food Share, including but not limited to Board Members, staff and consultants, shall act in good faith and for the best interest of the Food Share. All employees must adhere to the Food Share's Conflict of Interest Policy as outlined in the employee handbook.

Food Share employees and representatives may not provide financial, tax or legal advice to donors or prospective donors. Donors should always be directed to seek their own independent financial, tax and legal counsel. Development staff may provide donors with non-binding interpretation or information regarding potential financial, tax and legal implications of gifts or proposed gifts, always accompanied by the instruction to seek independent counsel.

II. Gift Acceptance Guidelines

Outright Cash Gifts

Unrestricted outright cash gifts in any amount will be placed in the general fund for current use.

A donor may restrict a gift to an existing specific program or use at the Food Share.

The Food Share Board of Directors reserves the right to redirect a restricted gift for another purpose that is deemed by the Food Share to be consistent with the donor's interests and intentions. Such action will only be taken if, in the judgement of the Food Share, it becomes impractical or impossible to fulfill the original donor-designated purpose of the gift. When redirection of a restricted gift becomes necessary, the Food Share will obtain the donor's permission or, if the donor is determined to be unreachable, will work with the Oregon Attorney General's Office to modify the restriction as outlined in UPMIFA (Uniform Prudent Management of Institutional Funds Act).

Bequests Received from Estates and Trusts

Unless otherwise restricted or directed by the donor, all bequests, from estates or trusts, will be used as determined by the Food Share Board of Directors.

A bequest may consist of cash, securities, real estate or tangible personal property. The liquidation of non-cash bequests will follow the appropriate policies for these items as outlined in this document. Staff and professional advisors (where applicable) will review the marketability, accuracy of appraisal and the capabilities of the Food Share to safeguard all non-cash bequests. In some cases, it may be best for the Food Share to disclaim a bequest. Concerns of liquidity, marketability, holding costs, environmental contamination and liability may be valid reasons for disclaiming in a timely manner an interest in a bequest.

Donations of goods, services and personal property

In-kind gifts consisting of donated goods and services that will be used by the Food Share in its exempt purpose include, but are not limited to, food, food handling and transportation equipment and services, office equipment and printing supplies, donated auction items for fundraisers and professional services. Approval by the Board of Directors is not needed to proceed with such gifts.

Donations of goods or services may be refused at the discretion of the Vice President of Development or his/her designated staff. Acceptance of these gifts will depend upon the type of good or service gifted.

Gifts of tangible personal property include but are not limited to art collections, antiques, jewelry, airplanes, automobiles, boats and other vehicles. Unless the property can be retained by the Food Share to further the work of its mission, gifts of personal property will be converted to cash as soon as possible.

If the property is subject to certain obligations (e.g. collateral for a loan or security interest held by a lien holder) it must be approved by the Board before it is accepted.

Serious valuation challenges exist in some gifts of personal property, especially art or other collectibles. Efforts must be made to obtain a bona fide appraisal or documentation of fair market value before accepting the gift. Valuation and the marketability of property gifts valued by the donor at \$5,000 or more must be reviewed by the Board of Directors on a case-by-case basis. Food Share staff will assess each gift with regard to such issues as transportation, storage, handling costs, damaged goods, etc., before review by the Board. For gifts valued by the donor at less than \$5,000, authority to accept or refuse the gift rests with the CEO/President and the Vice President of Development.

For gifts of donated goods or personal property it is the donor's responsibility to establish a value of the gift and to provide, at the donor's expense, an independent qualified appraisal if required by the IRS. For gifts of services, it is the donor's responsibility to record expenses incurred in the giving of services for their tax purposes.

Securities

Gifts of publicly traded securities, including stocks, mutual funds, municipal and corporate bonds and treasury bills and notes are generally acceptable gifts to the Food Share, including title to securities deemed to be readily transferable. There may be some limitations on the transfer of warrants, stock options and stock appreciation rights that should be reviewed on a case-by-case basis.

All readily marketable securities will be sold immediately upon receipt. Food Share designated staff members are authorized to immediately order the sale. The date of the gift will be the date of the delivery of the stock certificate and signed stock power. If the certificate is mailed, the gift date is the date of the mailing. If the shares are transferred, then the date of the gift is the date the shares are received by a brokerage as the agent of the Food Share. For gift recording purposes, gifts of publicly traded securities or mutual fund shares are valued by determining the mean between the highest and lowest selling prices on the gift date.

Gifts of closely held securities or S corporation stock will be carefully scrutinized by the Food Share staff and its legal and financial advisors before acceptance. Gifts that will not be

accepted include: securities that are assessable or in any way could create a liability to the Food Share, securities such as Series E savings bonds which, by their nature, may not be transferred, securities which have no apparent value and limited partnership interests.

It is the donor's responsibility to establish a value of a gift of securities for their tax purposes.

Real Estate

Gifts of real estate, including leasehold interests, may be accepted upon completion of appropriate due diligence and approval of the Board of Directors. Due diligence may include, but is not limited to, a review of the condition of the title, the condition of the property, an environmental inspection, the value of the property, property management issues, and an estimate of escrow closing costs and related professional fees.

After the designated staff and Board members have reviewed and considered the issues noted above, the proposed gift shall be referred to the Board Finance Committee prior to making its recommendation to the Board of Directors with a recommendation whether to proceed.

The Food Share retains the right to refuse a gift during negotiations without incurring cost or liability.

Bargain Sale Arrangements

A bargain sale is a sale of property for less than its fair market value. When a bargain sale is made to a qualified charitable organization, the excess of the fair market value of the property over the sale price becomes a charitable contribution to the organization. The property involved in the bargain sale must be reviewed by the Board of Directors in accordance with these policy guidelines relating to that type of property.

Almost anything can be sold or exchanged in a bargain sale. A bargain sale may be utilized when a donor wants to maximize his or her charitable deduction but needs some funds or an installment stream from the sale. Unless specifically approved by the Board of Directors, the bargain sale price paid for the property may not exceed fifty percent (50%) of its appraised value.

Concerns of liquidity, marketability, holding costs, environmental contamination and liability must be considered before entering into any bargain sale agreement. Prior to accepting a bargain sale, the Food Share must identify and allocate the funds required by the purchase agreement. The Board of Directors will review proposed bargain sale arrangements on a

case-by-case basis to determine if the condition of the property and the circumstances provide a positive gift value for the Food Share.

Life Income Gifts

The Food Share will not serve as trustee for life income gifts.

The Oregon Community Foundation (OCF) is available to act as trustee of Charitable Gift Annuities, Charitable Remainder Unitrusts, and Charitable Remainder Annuity Trusts where the Food Share is the beneficiary. These gifts are contingent on OCF's policies, which may change from time to time and are contingent on acceptance by OCF's gift acceptance committee.

A donor may designate any professional trustees, trust company, trust department or individual to serve as a trustee of life income gifts, such as charitable gift annuities and charitable remainder trusts.

Any un-designated distributions to the Food Share from life income gifts will be used as determined by the Marion-Polk Food Share Board of Directors.

Life Insurance Gifts

Life insurance can be received as a charitable gift to benefit the Food Share in three ways:

- 1) The donor retains ownership of a policy and designates the Food Share as a beneficiary or contingent beneficiary of the policy.
- 2) The donor transfers an existing paid-up or self-sustaining policy to the Food Share as owner/beneficiary (in whole or in part). Such policies require little administration, contain a cash value and provide a guarantee of the ultimate value of the gift. This gift is accomplished with an absolute assignment form obtained from the insurance company.
- 3) The donor purchases a new policy with the Food Share as applicant, owner and irrevocable beneficiary. The donor makes ongoing donations to the Food Share in the amount of the premium payments, and the Food Share in turn makes the premium payments to the insurance company. The donor pledges to make regular gifts to cover the premium payments. Cash or marketable securities may be accepted for premium payments. These policies will be carefully evaluated prior to acceptance in regards to the Food Share's future financial obligation to keep the policy in force should the donor be unable to continue premium payments.

Some insurance techniques may involve co-payments for investment purposes, outright purchases of insurance or partial assignment of life policies. These and other more sophisticated uses of life insurance will be carefully reviewed by the Board of Directors on an individual basis as to the financial exposure/internal rate of return for the Food Share, the financial commitment of the donor, the design of the insurance program, the illustrated credited interest/dividends rate on the policy, mortality assumptions and the strength of the insurance company.

Unless otherwise restricted or directed by the donor, all income received from life insurance gifts will be used as determined by the Food Share Board of Directors.

Life Estate Agreements

A life estate agreement is a charitable instrument by which a personal residence, vacation home, or farm is transferred by deed to a charitable organization during a donor's lifetime and the donor retains usage of the property for life. A deed with a life estate provision is executed. The donor retains the rights and privileges of having the use of the home or property. The donor receives any income the property produces, and that income must be reported for income tax purposes. Unless specific terms are agreed upon prior to the establishment of the agreement, and approved by the Board of Directors, the donor remains responsible for the upkeep and maintenance costs, property taxes and insurance associated with the property. Donor must annually provide the Food Share with proof of insurance (fire and liability), and the Food Share must verify that real estate taxes are current. If donor fails to maintain insurance or pay real estate taxes, then the Food Share should, at a minimum, obtain insurance coverage and ensure that minimum tax payments are made to prevent foreclosure. Legal counsel should be consulted to explore potential remedies.

Upon the donor's death, the Food Share receives the property to use as needed or as directed in the life estate agreement. The property passes directly to the Food Share, avoiding delays, entanglements and unnecessary estate settlement expenses. At the donor's passing, the property is entirely owned by the Food Share. Decisions regarding acceptance and disposition of gifts of real estate shall be made by the Food Share Board of Directors.

Properties being considered for inclusion in a life estate agreement must be approved by the Board of Directors in accordance with the policies relating to real estate gifts. In addition, the Board will consider the condition of the property, the projected term of the donor's interest, the number of life estate holders and the circumstances of the property's remainder value.

Named Gift Opportunities

Opportunities are available to those who wish to sponsor a specific program or a space of the Food Share or its satellite locations. The Vice President of Development and CEO/President will determine an appropriate naming opportunity schedule. Negotiations with a potential donor to name an entity not listed in the schedule will be considered on a case-by-case basis. Naming will take place only when the donation has been completed and is limited to the life of the space or the program.

Gifts to the Endowed Fund

The Oregon Community Foundation (OCF) has been selected by the Food Share to manage its endowment. Outright gifts that are directed by the donor for the endowment will be placed in the Food Share's permanent, restricted endowment fund.

A donor can also establish a stand-alone, permanent named endowed fund, managed by OCF, with an outright gift of \$25,000 to the Food Share. All named endowed fund agreements will be drafted by the Food Share for the donor's review. Completed endowed fund agreements must be signed by the donor and the CEO/President. These gifts are also subject to OCF's endowment policies, which may change from time to time.

If a donor wishes to make an endowment gift under terms different from the Food Share endowment policy, outside of OCF, they may establish a separate endowment, with terms in writing, signed by the donor and the CEO/President.

To understand and honor the donor's expectations, all limitations, restrictions and implications shall be clarified prior to acceptance of any gift. If the Food Share cannot meet the expectations of the donor within the framework of its policy, it is best for all parties that a gift not be accepted.

The Food Share Board of Directors reserves the right to redirect a restricted endowment gift for another purpose that is deemed by the Food Share to be consistent with the donor's interests and intentions. Such action will only be taken if, in the judgement of the Food Share, it becomes impractical or impossible to fulfill the original donor-designated purpose of the gift. When redirection of a restricted gift becomes necessary, the Food Share will obtain the donor's permission. If the donor is determined to be unreachable and the endowed fund agreement does not address such an amendment, the Food Share will work with the Oregon Attorney General's Office to modify the restriction as outlined in UPMIFA (Uniform Prudent Management of Institutional Funds Act).

These gift acceptance policies are subject to review and revision by the Food Share's Board of Directors.

