

WHAT EXACTLY IS A 501(c)(3) AND 509(A)(3)?

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TERWILLIGER PLAZA FOUNDATION

Cornerstone News

A **501(c)(3)** organization is tax-exempt under Internal Revenue Code and must be organized and operated exclusively for exempt purposes and none of its earnings may inure to any private shareholder or individual. In addition, it may not be an action organization, i.e., it may not attempt to influence legislation as a substantial part of its activities and it may not participate in any campaign activity for or against political candidates.

Organizations described in section 501(c)(3) are commonly referred to as *charitable organizations* and fall into one of two types: public charity or private foundation. These are established for purposes that are religious, literary, educational, charitable, scientific, testing for public safety, fostering of national or international amateur sports or prevention of cruelty to animals and children. A 501(c)(3) organization, other than public safety testing organizations, are eligible to receive tax-deductible contributions. This is one of the benefits of tax-exempt status. They are also exempt from federal and/or state corporate income taxes; possible exemption from state sales and property taxes, which varies by state; able to apply for grants and other public or private allocations only available to 501(c)(3)'s; potentially eligible for higher thresholds before incurring federal and/or state unemployment tax liabilities; can receive discounts on US Postal bulk-mail rates and other services.

Terwilliger Plaza, Inc. is a 501(c)(3) that is a public charity providing essential services to an aging population, including health services and housing.

Terwilliger Plaza Foundation is a 509(a)(3) that is a Type II supporting organization, which means it is "supervised or controlled in connection with" Terwilliger Plaza, Inc. Lesta Hoel Memorial Trust Fund is also a 509(a)(3), Type II organization.

A **509(a)(3)** organization is a supporting organization that carries out their exempt purposes by supporting one or more other exempt organizations, usually other public charities. The category can cover many types of entities including university endowment funds and organizations that provide essential services for hospital systems. The classification is important because it is one means by which a charity can avoid classification as a private foundation, a status that is subject to a much more restrictive regulatory regime.

The key feature of a supporting organization is a strong relationship with an organization it supports, which enables the supported organization to oversee the operations of the supporting organization. Therefore, the supporting organization is classified as a public charity, even though it may be funded by a small number of persons in a manner that is similar to a private foundation.

Like all charitable organizations, a 509(a)(3) must be organized and operated exclusively for purposes described in section 501(c)(3), and exclusively to support specified supported organizations.

Foundation Board of Directors

Brad Mersereau, President
Bill Wilson, Vice President
Clifford Droke, Treasurer
Fran Ousley, Secretary
Kitty Bassett
Virginia Burgess
Sally Landauer
Pat Mahone

Foundation Director: Vivian Cheadle

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501(c)(3) & 509(A)(3) CONTINUED...

Moreover, a 509(a)(3) must have one of three types of relationships with the supported organizations to ensure that the supporting organization is responsive to the needs or demands of the supported organization and intimately involved in its operations and that the public charity is motivated to be attentive to the operations of the supporting organization. The three types of 509(a)(3) supporting organizations are:

Type I: "operated, supervised, or controlled by" the supported organization.

Type II: "supervised or controlled in connection with" the supported organization.

Type III: "operated in connection with" the supported organization.

Donor Recognition Wall Renovation Project

The Foundation is in the process of looking at designs to renovate the current Donor Recognition Wall in the promenade area off the restaurant. It hasn't been updated in several years, and requires a more modern and expandable design than what was originally developed

Toward that goal, I ask your continued patience in getting recognition levels current and while we develop a budget and design plan.

My special thanks to **Brad Mersereau** who kicked off the campaign to refurbish this valuable recognition method. He made a gift in honor of his godmother, **Anne Look**. I welcome any other donations toward this project. Thank you,

Vivian Cheadle
Foundation Director

WHAT'S IT WORTH? A GIFT OF A LIFE INSURANCE POLICY

If you've ever considered giving a gift of a life insurance policy to any charitable organization, then you probably understand how it can benefit both the giver (you) and the not-for-profit. As the donor you might benefit from the charitable tax deduction; however, you need to be aware that determining the fair market value of a policy requires a qualified appraiser. This is based upon the new requirements from the Pension Protection Act of 2006 (PPA).

In general the following summarizes the value based on type of policy:

1. Cash-value policies, which include whole life policies, are valued at fair market value, limited by their cost basis (the cost for which you purchased the policy).
2. If the policy is paid-up, then the value is based on its replacement cost.
3. If the policy is not paid up, it is valued at the lesser of its premiums paid, or its interpolated (adjusted to the transaction date) terminal reserve amount. The cash value policy's terminal reserve in its early years is generally greater than its cash surrender value. After a policy has been in force for a number of years, its year-end cash value will not differ greatly from its year-end terminal reserve.

The Pension Protection Act requires appraisals by a qualified appraiser when non-cash gifts to charities are given, and their value is over \$5,000. This includes artwork and vehicles. If you make a charitable gift of a tangible item, or a life insurance policy, you must seek an independent appraisal from a qualified person. Qualified is defined by someone who among other things performs appraisals regularly and has experience, education and other factors to appraise the type of property in question.

Life insurance policies are scrutinized more closely because they are historically prone to incorrect valuation because of the variety of types of policies available, their ownership and beneficiary issues and misunderstanding of valuation methods of how to apply fair market valuation principles.

Your accountant may be more apt to providing an estimate of the value of other types of assets, than those required for life insurance policies. It is important for donors to understand the importance of getting an appraisal from a qualified person, if considering a gift of life insurance policy to a charitable organization.

For more information about Fair Market Values of Non-Cash Gifts or the Pension Protection Act 2006 or other retirement plan tax questions and news, visit: <http://www.irs.gov/retirement/>

CONTRIBUTORS - GIFTS MARCH 1, 2008 - AUGUST 31, 2008

Lesta Hoel Memorial Fund

Memorial Gifts

In Memory of Catherine Carr
8th Floor Members

In Memory of Genevieve Heer
Em Henell

In Memory of Roy Metcalf
Marguerite Metcalf

In Memory of Peggy Newkirk
Anonymous

Em Henell

Bill & Barbara Leighton

Marguerite Metcalf

Virginia Ott

Becky Short

In Memory of Norris Perkins
Em Henell

In Memory of Ruth Uphaus
Em Henell

Honoring Evelyn Beebe Shirk's
95th Birthday

Barbara Billington Stickler

Gifts In Kind - Library

Anonymous

Claire Amsden

John & Virginia Beatty

Ruth Chapin

Jean Cory

Byron & Mary Dougan

Kim & Leanne MacColl

Dorothy Melvin

Harley & Ulla Sachs

Constance Spurlock

Douglas Strain

Gifts In Kind - Art Committee

Eileen Markson

Marguerite Metcalf

Metcalf Makeover

Honoring Carl Rosenberg

Robert Swanson

Classical Music

Endowment Fund

In Memory of Hazel DeLorenzo
Robert Swanson

In Memory of Jules Yanover
Robert Swanson
10th Floor Members

Terwilliger Plaza Foundation

Memorial Gifts & General Gifts

In Memory of Helen Charneski
Diane Gibson

In Memory of Ed Demorest
Diane Gibson

In Memory of Cliff Diamond
Diane Gibson

Carl Rosenburg

7th Floor Members

In Memory of Jim Durkheimer
Diane Gibson

Barbara Goy

9th Floor Members

In Memory of Heinz Geiger
Diane Gibson

Loni Geiger

In Memory of Genevieve Heer
Don & Edythe Barr

Jean Cory

Diane Gibson

9th Floor Members

In Memory of R. Evan Kennedy
Diane Gibson

In Memory of Glenn Lane
Diane Gibson

In Memory of Jean Leaf
Diane Gibson

In Memory of Peg Lersch
Art Balingier

Jean Cory

Diane Gibson

Barbara Goy

9th Floor Members

Beth Reid

In Memory of Peggy Newkirk
Don & Edythe Barr

Diane Gibson

Joyce Hulse

12th Floor Members

In Memory of Earl "Nick" Nichols
8th Floor Members

In Memory of Norris Perkins
Pat Berg

Jean Cory

Diane Gibson

Robert McFarlane

3rd Floor Members

In Memory of Martha Taylor
Pat Berg

5th Floor Members

Diane Gibson

Marguerite Metcalf

In Memory of Catherine Thompson
Diane Gibson

In Memory of Ruth Uphaus
Robert Grimsley

Joyce Hulse

Margaret Ellyn Lassen

Marguerite Metcalf

Virginia Ott

Joan Rague

Beth Reid

6th Floor Members

In Memory of Jules Yanover
Anonymous

4th Floor Members

Barbara Goy

Honoring Ruth Uphaus' 100th Birthday
Hank & Jo Schwager

Honoring Anne Look

Brad & Janet Mersereau

Gifts In Kind - Thrift Shop

Betty Allen

Bebe Arnold

John & Virginia Beatty

Eleanore Bradenbaugh

Eugene & Barbara Geiger

Evan Kennedy

Laura Lehtinen

Jean Loomis

Pat Mahone

Robert McGill

Jim & Mary Jane McGoodwin

Penny Miner

Mary Ellen Mogren

Ralph & Evelyn Pratt

Alma Reick

Peter Serrell

Douglas Strain

Gilbert & Lillian Zambrana

Estate of Peggy Newkirk

General

Umpqua Bank

Women's Spirit Circle

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*Creating a secure future and enhancing
the quality of living for Plaza residents*

HAPPY 50TH ANNIVERSARY... TERWILLIGER PLAZA!

Celebrate our Golden Anniversary with us at this year's *12th Annual Sentimental Journey* on Friday, November 14, 2008. We are planning for a wonderful meal in the restaurant followed by the musical stylings of The Providence Stage Band. The big band will return, once again, to top off the evening with dancing and listening enjoyment. The ticket proceeds support your Foundation, and as always, seats are limited.

TICKET SALES: Tuesday, October 21 and Wednesday, October 22

WHERE & WHEN: Main Lobby from 11:00 to 1:00 AND Plaza Cafe from 3:00 - 4:00

TICKET PRICES: Regular ticket is \$70 per person, and Patron tickets are \$125 per person.

You can also purchase tickets and reserve tables from the Foundation office. As a patron, you'll receive the additional tax benefit and support to the Foundation, as well as a mention in the program.

This year we are asking our business vendors to purchase ad space in the program as a way to support the Foundation and recognize our 50 years of business. If you know of a business that would like to support the mission of your Foundation, please contact the Foundation Director, Vivian Cheadle at ext. 4221.

So please mark your calendars for the annual event, and start talking to your friends and neighbors about putting a table together. If you have any questions, please call Vivian at ext. 4221.

