

POLICY RESOLUTION # 6 – Jonathan Association Board of Directors

DATE: May 10, 2011

RE: The Need for a 501c3 Subsidiary Organizational Unit

While reaffirming that:

1. The Jonathan Association is a corporation formed on May 21, 1971 pursuant to the provisions of the Minnesota Nonprofit Corporation Act, MN Statutes, Chapter 317; and,
2. Rev. Rul. 72-102, 1972-1 C.B 149 of the Internal Revenue Code (IRC) describes a homeowner association as qualifying for IRC 501c4 exempt status since it administers and enforces covenants for preserving the architecture and appearance of a housing development, owns and maintains common areas for the use of all residents, and is supported by annual assessments and its activities are for the common benefit of the whole development rather than for individual residents or the developer; and,
3. Non-governmental 501c4 organizations are ineligible to receive federal monies (grants, etc); and donations to them are not regarded as tax deductible; and,
4. Most private charitable foundations do not regard 501c4-designated organizations as either qualified applicants for or eligible recipients of their grant monies; and,

In addition to acknowledging that:

5. The (IRC) code 501c3 qualifies an organization to apply for and receive grants from private foundations, and also provides the tax-exempt status that enables its individual benefactors to benefit from donating financial gifts, gifts-in-kind, expertise, labor, materials, etc., to a specific project or ongoing operational need;

The Jonathan Association Board of Directors resolves on this date (05-10-11) to establish a wholly-owned 501c3 tax-exempt subsidiary organizational unit, in accordance with IRC guidelines. All monies, materials, and services received via this 501c3 subsidiary will necessarily, by law, be applied (as designated by the donor) to the physical assets and annual events that provide recreation and means for expression in local history, customs and traditions.

Kelly Cutler, Secretary – Board of Directors

Date