

# STUDY ON STAFF APPRECIATION FUNDS - REPORT

In the summer of 2015, ORANJ sponsored a study of Staff Appreciation Funds (SAF) at the CCRCs in NJ, based on the questionnaire attached. Telephone calls to all CCRC presidents provided names of those responsible for administration of the funds and they, in turn were asked to complete the questionnaire. One respondent reported that he had been advised not to answer questions about his program and most of the others answered most of the questions.

We found that all CCRCs had a no-tipping policy and in lieu of tips gave a financial gift at Christmas time. With one exception, all programs had been in place for more than five years. The program was usually run by the Residents Association of the facility. Most were run by a dedicated committee staffed either by residents alone or residents with staff. Two CCRCs created a special legal entity to administer the fund, two were run by the Executive Director and one by a staff person known as the Director of Philanthropy. Only one reported having the services of an attorney or an accountant.

The bulk of the donation funds came from Independent Living residents with smaller amounts from Assisted Living and Skilled Nursing unit residents, and from POAs who paid bills on the resident's behalf. Some solicited family members in addition and one added donations from the gift shop. Most communities included guidelines for giving and 15 of the 25 respondents reported participation by at least 2/3 of residents. Three reported that 90% or more had donated. Nine CCRCs reported that SAF amounts had risen over time and four reported a decrease.

Except for the two with the dedicated entity, the CCRCs used the tax EIN of management. Seven had their own not-for-profit status designation. The rest assumed that they were covered by management's tax exemption. Nine CCRCs conducted annual audits of the funds, one reported monthly audits, and one "as needed."

No one reported noticeable costs and no one reported furnishing reports except that a couple reported that they completed annual 990s. Almost no one used commercial software excepting Excel

spreadsheets. Two mentioned Luminate Salesforce software.

Managers were usually excluded by the fund but were recognized with a minimal gift or a festive meal. 17 excluded private contractors and 17 excluded employees of any third party. Two excluded occasional employees. The criteria for calculating checks were most commonly longevity; some calculated full time employees differently from part timers; and one reported that checks depended on salary.

Only four gave any checks above \$800 and 7 reported checks greater than \$600. Six CCRCs reported sending out 1099s to employees receiving the checks and three reported the benefits on W2 forms. Only three CCRCs reported giving staff any instruction regarding taxability of the benefits. Respondents were rather vague about who paid taxes on the funds. Twelve thought the taxes were paid by the recipients and five thought that management had probably paid the taxes. Some responded that since these were gifts, they should not have tax consequences.

A previous study by Arbor Glen in 2008 also reported that all CCRCs respondents (17) had annual appreciation funds along with a no-tipping policy and none had created a separate entity to administer the SAF.

## UNRESOLVED ISSUES

Staff Appreciation programs will continue to limp along from year to year because of a lack of clarity about basic issues. Are annual gifts to staff another name for tips, as some at the IRS imply or are they analogous to donations or gifts such as we give to friends and family? A related issue is that the IRS does not recognize the relationship between residents and staff and frequently reverts to the employer. Reverting to the employer-employee analogue has important tax implications. For CCRCs the no-tipping policy is advantageous to management because it keeps service uniform instead of giving extra to those in contact with big tipppers and very little to others.

## STAFF APPRECIATION FUNDS - QUESTIONNAIRE

1. How does your CCRC demonstrate staff appreciation? Check items and explain
  - a. Financial gift at Xmas
  - b. Financial gift at other occasions (birthdays)
  - c. Other (explain) \_\_\_\_\_
2. How many years have you had this program?
  - a. Less than 5 years
  - b. More than 5 years
3. Does your CCRC have a no-tipping policy? Yes \_\_\_ No \_\_\_
  - a. If Yes, who lays down the policy?
    - (1) Management of your CCRC
    - (2) Your Residents Board
    - (3) Your Parent Board
    - (4) Other (explain) \_\_\_\_\_
4. Who is in charge of the SA program
  - a. Residence Association
  - b. Management of your CCRC
  - c. Other (Explain) \_\_\_\_\_
5. Do you carry directors liability insurance? Yes \_\_\_ No \_\_\_
  - a. If yes, how much does it cost you \_\_\_\_\_
  - b. If no, are you covered by someone else? Yes \_\_\_ No \_\_\_
6. Where does the money for the SA fund come from?
  - a. Resident voluntary contribution
  - b. Persons acting on behalf of residents
  - c. From the CCRC operating budget
  - d. External sources (explain) \_\_\_\_\_
7. What guidelines, if any, do you provide for contribution amounts?
  - a. None
  - b. \$1 per day
  - c. \$1.50 per day
  - d. Other (explain) \_\_\_\_\_
8. How many possible contributors are in your CCRC? \_\_\_\_\_
9. How many actual contributors responded? \_\_\_\_\_
10. Which group(s) of residents do you solicit?
  - a. Independent Living
  - b. Assisted Living
  - c. Skilled Nursing
11. Over the years have total contributions risen, \_\_\_ fallen, \_\_\_ remained about the same \_\_\_\_\_
12. What software package do you use? \_\_\_\_\_
13. Does your Residents Association have its own EIN (tax number)? Yes \_\_\_ No \_\_\_
  - a. If NO, whose tax number do you use? \_\_\_\_\_
14. Is your Residents Association a registered not-for-profit? (has its own 501 c3) Yes \_\_\_\_\_ No \_\_\_
  - a. If No, are you covered by the CCRC not-for-profit designation? Explain \_\_\_\_\_

15. Do you have a committee set up to handle the SA program? Yes\_\_\_No\_\_\_
- If Yes, who are its members
    - Only residents
    - Staff and residents
    - Only staff
  - If yes, does the committee include an accountant? Yes\_\_\_No\_\_\_ A lawyer? Yes \_\_\_No\_\_\_
16. What governmental reports does the committee prepare? Please list\_\_\_\_\_
17. Do you have an audit of the funds? Yes\_\_\_No\_\_\_
- If Yes, how often do you have an audit?\_\_\_\_\_
18. List major administrative costs\_\_\_\_\_
19. Are any categories of employees excluded? Check
- Directors and Management staff
  - New employees
  - Part-time or occasional employees
  - Private contractors
  - Employees of a third party, e.g. contractor
  - Other (explain)\_\_\_\_\_
20. What is the highest amount given to any one person?\_\_\_\_\_What is the lowest amount?\_\_\_\_\_
21. How many recipients receive over \$600 per year?\_\_\_\_\_
22. What criteria do you use for designating the amount each employee receives?
- Hours worked in current year
  - Number of months/years employed in this institution
  - Pay/salary
  - Other (explain)\_\_\_\_\_
23. How do you show appreciation to directors and managers? (Please explain)\_\_\_\_\_
24. Do employees receive 1099 forms covering these funds? Yes\_\_\_No\_\_\_
25. Are employees given instructions on reporting these funds to the IRS? Yes\_\_\_No\_\_\_
26. Who pays taxes on Appreciation funds, e.g. social security, unemployment benefits, workmen's compensation? Check
- Residents Association
  - Management of the CCRC
  - Paid by recipient
  - Other (explain)\_\_\_\_\_

Name of CCRC\_\_\_\_\_Respondent\_\_\_\_\_