



AGENDA

BOARD OF DIRECTORS MEETING
 Wednesday, September 30, 2020 2pm
 ELECTRONIC MEETING

Directors: Don Weaver (President), Mike Zelenak (Vice President), Beverly Tobiason (Secretary), Donna Coon (Treasurer), Mark Kelley (Assistant Secretary), Randy Howard (Assistant Treasurer), Christine Gallegos, Bev Lawless, Mark McIntosh, Charlie Sieck, Sandra Thornton, Gail Vanderhoof, Jen Morningstar (non-voting)

Agenda Topic	Director	Exhibit	Action
1. Call to Order / Quorum	Weaver		
2. Adopt Agenda	Weaver	X	X
3. Consent Calendar	Weaver		X
A. August 26, 2020 Minutes		X	
B. September 16, 2020 Minutes		X	
C. August 2020 Financial Statements		X	
4. Policy Governance	Tobiason		
1. Policy Governance Manual verbiage change		X	X
5. Committee Reports			
A. Fiscal Affairs	Coon		
1. Administrative Offices Buildout		X	X
2. Reserve Funding		X	X
B. Investments	Lawless		
1. Investment Policy Update		X	X
C. Board Affairs	Gallegos		
1. CPM language changes			
a. Facility Use		X	X
b. Indemnification		X	X
c. Composition of Committees		X	X
d. CPM Changes – Legal Review		X	X
D. Planning & Evaluation	Howard		
E. Nominations & Elections	McIntosh		
6. New Business			
A. Volunteerism	Kelley	X	
7. GVR Foundation Report	Counter		
8. Member Comments			
9. Adjournment			X

**In accordance with GVR Bylaws, all meetings of the Board at which official business of The Corporation is transacted, with the exception of meetings limited to personnel and/or legal matters, shall be open to all members of The Corporation. An executive session "placeholder" is added to each Regular Meeting Board agenda should the Board have personnel and/or legal matters to address. Meetings shall be governed by Roberts Rules of Order unless otherwise determined by the Board of Directors.*



GVR Mission Statement: *"To provide recreational, social and leisure education opportunities that enhance the quality of our members' lives."*

A regular meeting of the GREEN VALLEY RECREATION, INC. BOARD OF DIRECTORS was held Wednesday, August 26, 2020 by teleconference. The President being in the chair and the Secretary being present.

Directors Present by Remote: Don Weaver (President), Mike Zelenak (Vice President), Beverly Tobiason (Secretary), Donna Coon (Treasurer), Mark Kelley (Assistant Secretary), Christine Gallegos, Bev Lawless, Mark McIntosh, Charles Sieck, Sandra Thornton, Jen Morningstar (Interim CEO) (non-voting)

Absent: Randy Howard (Assistant Treasurer), Gail Vanderhoof

Visitors: 43

1. Call to Order/Establish Quorum

President Weaver called the meeting to order at 2:00pm MST.

Roll was called and a quorum established.

President Weaver extended condolences to Gail Vanderhoof and Beverly Tobiason on their loss of a family member.

2. Adopt Agenda

MOTION: Zelenak/Seconded. Adopt Agenda as amended.

Passed: unanimously

3. Consent Calendar

MOTION: Coon/Seconded. Approve Consent Calendar as presented.

- July 29, 2020 Minutes
- July 2020 Financial Statements

Passed: unanimously

4. Bylaws Committee Update – M. Zelenak

MOTION: Zelenak/Seconded. Meet in closed session with GVR Attorney Wendy Ehrlich to discuss Policy Governance before moving forward with Policy Governance in order for the Board to make an informed decision.

Failed: Yes – 5 (Zelenak, Coon, Gallegos, McIntosh, Lawless); No – 5

5. Policy Governance – B. Tobiason

A. Consulting Services – GVR Board has approved some additional consulting hours with Brown Dog Consulting of up to 40 hours of consulting, primarily around implementation, to an upwards of \$5,000.

B. Policy Updates:

- 1. Initial Ends Interpretation at November 2020 meeting; and Ends Monitoring Report as scheduled in March 2021**

Discussion – changed November to October as no meeting in November.

MOTION: Tobiason/Seconded. Approve Initial Ends Interpretation at October 2020 meeting; and Ends Monitoring Report as scheduled in March 2021.

Passed: Yes – 6; No – 4 (Lawless, Gallegos, Zelenak, Thornton)

C. EL 2.8 change monitoring schedule from twice per year to once (October)

MOTION: Tobiason/Seconded. EL 2.8 Change monitoring schedule from twice per year to once (October).

Passed: Yes – 8; No – 2 (Gallegos, Zelenak)

D. Annual Member Survey in November (or with Annual Invoice)

- Ed Knop has agreed to help with both annual and mini surveys.
- Education Subcommittee for Policy Governance established with Jerry Humphrey as Chair.

E. PG Manual Verbiage Changes

1. Individual members (when speaking of Board members) to Directors

MOTION: Tobiason/Seconded. Change “members” (when speaking of Board members) to “Directors.”

Passed: Yes – 8; No – 2 (Gallegos, Zelenak)

2. GVR members to GVR member-owners

MOTION: Tobiason/Seconded. Change GVR “members” to “member-owners.”

Passed: Yes – 6; No – 4 (Gallegos, Lawless, McIntosh, Zelenak)

Director Tobiason requested that Directors review the CEO section of the split CPM sent to them by Director Lawless and send any feedback to Director Tobiason and Bob Northrup within one week.

Director Tobiason gave an overview of Board emails received in the past month from 66 members. Thank you for hard work from President Weaver.

6. Committee Reports

A. Board Affairs – C. Gallegos, Chair

1. Revisions to the Board of Directors Code of Conduct and Acceptance of Board Code of Conduct Enforcement Procedures

MOTION: Gallegos/Seconded. Accept proposed changes to the Board of Directors Code of Conduct and accept the Board Code of Conduct Enforcement Procedures, as amended, adding the change to 4.b) Removal from office, if the Director is an officer, per A.R.S. §10-3843(B).

Passed: Yes – 7; No – 2 (Thornton, Sieck); Abstain – 1 (Kelley)

B. Fiscal Affairs – D. Coon, Chair

Chair Coon reported for Fiscal Affairs Committee. In discussion it was asked if Interim CEO Morningstar could find out how much revenue is realized for programs from outside the membership.

C. Planning & Evaluation – D. Coon (for R. Howard, Chair)

- 1(a). Pickleball Center Shade Structure (funded by Pickleball Club)

MOTION: Coon/Seconded. Approve the Pickleball Club request to erect a 29' by 26' shade structure at the GVR Pickleball Center with installation by a licensed contractor, and funding by the GVR Pickleball Club in the amount of \$17,324.73, with consideration of reimbursement by GVR, to be completed no later than December 31, 2021.

Passed: Yes – 9; No – 1 (Kelley)

- 1(b). Pickleball Club Donor Wall – Gina Rowsam and Tim Stewart of the PBC joined the meeting and presented their plan to erect a donor wall at the Pickleball Center at the club's expense.

MOTION: Coon/Seconded. The GVR Board of Directors approves the use of the East Wall of the Pickleball Center building for the mounting of the donor wall sculpture by the Pickleball Club.

Passed: unanimously

2. WSM Preliminary Design Proposal for West Center Wood Shop Expansion – WSM has presented a quote of \$12,400 for a Schematic Design Study of 2 options for the Wood Shop expansion. The Wood Shop has indicated that they will donate \$4,000 toward the expense of the study.

MOTION: Coon/Seconded. Approve the expenditure of \$8,400 for WSM Schematic Design Study for Wood Shop expansion with funding source to be determined by the Fiscal Affairs Committee.

Motion tabled following discussion.

- D. Investments – B. Lawless, Chair

Chair Lawless reported for the Investments Committee and presented the July 2020 investment report.

- E. Nominations & Elections – M. McIntosh, Chair

Chair McIntosh reported for the Nominations & Elections Committee.

- F. CEO Search Committee – D. Weaver (for R. Howard, Chair)

President Weaver reported for the CEO Search Committee - 35 applications received to date. The Committee has determined to grant two applicants a preliminary interview.

Other applications are in the process of review, which may produce other applicants to be interviewed.

7. New Business – none

8. GVR Foundation Report – Jim Counter

President Counter reported:

- GVRF working on updates to the RetireArizona website and determining future of website and how to support it.
- GVR/GVRF Ad Hoc Committee to meet before next GVR Board meeting to discuss Resource Sharing Agreement.
- Working on 2021 Foundation Games Pickleball Tournament as a fundraiser for GVRF and Greater Green Valley Community Foundation (GGVCF). Received GVR and Pima County approvals.

- GVRF requests GVR to complete a Request for Funding (grant application) in order for the Foundation to apply to Freeport-McMoRan Foundation on GVR's behalf for a \$10,000 grant to help with PPE equipment due to the COVID pandemic.

MOTION: Weaver/Seconded. GVR Board requests GVR Foundation to apply for a \$10,000 grant for PPE equipment from Freeport-McMoRan Foundation on GVR's behalf.

Passed: unanimously

9. Pickleball Center Naming – President Weaver

Several past GVR Presidents are planning an event to honor former GVR CEO Kent Blumenthal in October 2020. They requested the GVR Board consider naming the Pickleball Complex after Dr. Blumenthal, which the GVR Board approved this naming in July 2020. Dr. Blumenthal agreed to accept this honor. GVR Attorney Wendy Ehrlich will develop a waiver for Dr. Blumenthal to sign indicating his agreement.

10. Policy Governance 3.1 – C. Sieck

Director Sieck reminded all that at each meeting a member will evaluate the meeting's adhering to Policy Governance guidelines. Director Sieck feels that a great job was done by the Board this month and Interim CEO Morningstar concurred. President Weaver asked that B. Tobiason monitor next month's meeting to which she agreed.

11. Member Comments – 8

12. Adjournment

MOTION: Zelenak/Seconded. Adjourn meeting at 4:20pm MST.

Passed: unanimously



GVR Mission Statement: *"To provide recreational, social and leisure education opportunities that enhance the quality of our members' lives."*

A special meeting of the GREEN VALLEY RECREATION, INC. BOARD OF DIRECTORS was held Wednesday, September 16, 2020 by teleconference. The President being in the chair and the Secretary being present.

Directors Present by Remote: Don Weaver (President), Mike Zelenak (Vice President), Beverly Tobiason (Secretary), Donna Coon (Treasurer), Mark Kelley (Assistant Secretary), Christine Gallegos, Bev Lawless, Mark McIntosh, Charles Sieck, Sandra Thornton, Gail Vanderhoof, Jen Morningstar (Interim CEO – non-voting)

Absent: Randy Howard (Assistant Treasurer)

Visitors: 11

1. Call to Order/Establish Quorum

President Weaver called the meeting to order at 2:04pm MST.
Roll was called and a quorum established.

2. Adopt Agenda

MOTION: Coon/seconded. Adopt Agenda as presented.
Passed: unanimously

3. New Business

**A. Release Information and Decision from Meeting in Executive Session
Concerning Naming of GVR Pickleball Complex**

MOTION: Zelenak/seconded. Name the GVR Pickleball Complex after Kent J. Blumenthal. Discussion followed.
Passed: Yes – 7; No – 4 (Kelley, Sieck, Thornton, Vanderhoof)

4. Member Comments – 4 (read and responded to)

5. Adjournment

MOTION: Coon/seconded. Adjourn meeting at 2:33pm MST.
Passed: unanimously



Fiscal Affairs

**Financial Report
As of August 31, 2020**

The enclosed Financial Statements and supplemental schedules provide relevant financial information for January through August, 2020 and include financial statements for August 2020.

- The August 2020 Financial Statements are included on pages 1 through 6. These statements include the Statement of Financial Position, Statement of Activities, Statement of Change in Net Assets, Investment Portfolio, and Variance Report.
- following table summarizes the August 31, 2020 year to date Increase in Net Assets:

Period	Surplus Summary		
	Gross Surplus	Unrealized Gain/Loss on Investments	Net Surplus
1st Qtr. 2020	408,172	(885,069)	(476,897)
2nd Qtr. 2020	241,207	810,540	1,051,747
July 2020	73,406	236,462	309,869
August 2020	<u>229,617</u>	<u>152,915</u>	<u>382,235</u>
Year to Date	952,402	314,848	1,267,251

- While the above table illustrates the performance for year to date August 2020, it does not include any reduction for the necessary funding from Operations for Reserve Funds.
- For August, the Home Resales for the Month equaled 107 and the Year to Date Resales equal 743 which is 57 (7%) less than the prior year (page 9).
- The August 2020 Statement of Financial Position (p.2) reports the Total Net Assets to be \$30,577,886 which is a \$1,267,251 increase for the year (page 4).
- The cash on hand is \$803,447 (page 2). When, combined with Operational Cash Investments, total Operational Cash equals a total of \$4,710,861 cash which is a \$426,352 decrease for the month of August 2020.
- The Net Fixed Assets are \$17,527,035 which includes \$965,445 of Capital acquisitions during January through August 2020 (page 4).



GREEN VALLEY RECREATION, INC.

- A summary of Capital Purchases is found on page 10 and a more detail listing is included on pages 11 through 13.
- Total Current Liabilities are \$2,969,358 (page 2).
- Designated Net Assets equal \$10,358,938 (detailed on pages 4 and 5) which reflects a net decrease of \$79,749 for the year to date. The Unrealized Gains/Losses year to date are a net gain of \$314,848 (page 5).
- The Statement of Activities (page 3) indicates that Total Revenue are \$7,304,246 which is 7% under budget and 4% less than the prior year. This negative budget variance is a \$59,357 decrease from the prior month.
 - August 2020 year to date Revenue negative variance can be found primarily in the Recreational Revenue category which is 42% under budget and Capital Revenue which is 14% under budget for the year to date.
 - Home sales were 107 for the month of August bringing the year to date total to 743 homes which is 57 less than the prior year (page 8 and 9).
The housing inventory in Green Valley is 161 residential properties.
- All Expense categories are all under budget for the first 8 months of 2020 and the total expenses are \$6,351,843 which is \$1,088,725 (15%) under budget and 8% less than the prior year.
- Covid related direct expense are \$74,921 through August 2021.
- The Gross Surplus for the year through August 2020 is \$1,267,251 which is significantly better than budgeted (page 3).
- The Cash Requirements Report 2020 is included on page 7. These cash balances are projections only and is exclusively for the purpose of determining terms of investments. This report projects that the low point for GVR Cash will be November 2020 with \$2,948,214 Operating Cash on Hand which equals 93 days of Operating Cash.



Green Valley Recreation, Inc.

CONSOLIDATED FINANCIAL STATEMENTS

The accompanying pages are the Financial Reports for August 31, 2020. The four statements

Statement of Financial Position.

This is also known as a Balance Sheet or the Statement of Net Assets.

Statement of Activities

Also known as an Income and Expense statement. This report shows the types of Income, the categories of expense and the unrealized Investment Market changes for the year to date. The bottom line in this report is the net for all the reserve accounts maintained by GVR.

Statement of Changes in Net Assets

This report displays the financial activity of the four reserves that make up the Net Assets of Green Valley Recreation. These reserves are:

Unrestricted - These net assets include the Fixed Assets (land, buildings and equipment), undesignated current assets less the current liabilities and deferred revenue items.

Emergency - Designated by the Board of Directors, this reserve is held to provide liquidity when needed for operational emergencies.

Maint - Repair - Replacement - designated by the Board of Directors, this reserve is the accumulation of assets in support of the Reserve Study which is mandated for Common Interest Realty Associations like Green Valley Recreation. Annual amounts are budgeted and transferred into this reserve for the purposes of the name of this reserve.

Initiatives - This reserve is designated by the Board of Directors to help with the funding for new programs that evolve from member interests and demands. Innovation in programming enables GVR to respond to member expectations.

Investment Portfolios

This report displays the market values of investments at the beginning of the year, the dollar amounts of changes that occurred from January 1st to the date of the financial statements. The unrealized gain or loss on market value changes is shown on a separate line to result in the market value of investments as of the reporting month end. The investments related to each of the Reserves (Unrestricted and Designated) are included in separate columns.



Green Valley Recreation, Inc. Statement of Financial Position

As of Date: August 31, 2020 and Dec 31, 2019

	August 31, 2020	Dec 31, 2019
	Total	Total
ASSETS		
Current Assets		
Cash/Cash Equivalents	803,447	2,505,270
Accounts Receivable	322,367	221,922
Prepaid Expenses	367,542	313,753
Unamortized Deferred Compensation	262,500	-
Designated Investments (Charles S./SBH)		
Emergency - Fund	906,544 (1)	880,329 (15)
MRR - Fund	7,934,343 (2)	7,055,756 (16)
Initiatives - Fund	1,516,051 (3)	2,500,602 (17)
Total Designated Investments (CS/SBK)	10,356,938 (4)	10,436,687 (18)
Undesignated Invest. (JP Morgan)	3,907,414 (5)	3,274,640 (19)
Investments	14,264,352 (6)	13,711,327 (20)
Total Current Assets	16,020,208	16,752,273
Fixed Assets		
Contributed Fixed Assets	18,017,085	17,593,785
Purchased fixed Assets	22,537,196	21,995,051
Sub-Total	40,554,281	39,588,836
Less - Accumulated Depreciation	(23,027,245)	(21,918,638)
Net Fixed Assets	17,527,035 (7)	17,670,198 (21)
Total Assets	33,547,243	34,422,471
LIABILITIES		
Current Liabilities		
Accounts Payable	410,113	494,370
Deferred Dues & Fees	2,253,741	4,331,532
Deferred Programs	43,003	285,935
Compensation Liability	262,500	-
Total Current Liabilities	2,969,358	5,111,837
TOTAL NET ASSETS	30,577,886 (8)	29,310,634.66 (22)
NET ASSETS		
Temporarily Designated:		
Board Designated:		
Emergency	906,544 (9)	880,329 (23)
Maint - Repair - Replacement	7,934,343 (10)	7,055,756 (24)
Initiatives	1,516,051 (11)	2,500,602 (25)
Sub-Total	10,356,938 (12)	10,436,687
Unrestricted Net Assets	18,953,696	18,873,948
Net change Year-to-Date	1,267,251 (13)	-
Unrestricted Net Assets	20,220,947 (14)	18,873,948
TOTAL NET ASSETS	30,577,886	29,310,635



GREEN VALLEY RECREATION, INC.

Green Valley Recreation, Inc. Summary Statement of Activities

YTD Period: 8 month period ending August 31, 2020

FY Budget Period: Jan 1, 2020 - Dec 31, 2020

	PRIOR YEAR COMPARISON			%	BUDGET COMPARISON			%	Fiscal Year Budget	Remaining FY Budget
	2019 YTD Actual	2020 YTD Actual	Year to Year Variance		YTD Actual	YTD Budget	YTD Variance			
Revenue										
Member Dues	4,476,945	4,499,662	22,717	1%	4,499,662	4,478,083	21,579	0%	6,717,125	2,217,463
LC, Trans., Crd Fees	557,683	436,802	(120,881)	(22%)	436,802	449,989	(13,187)	(3%)	618,000	181,198
Capital Revenue	1,643,116	1,593,161	(49,955)	(3%)	1,593,161	1,861,552	(268,391)	(14%)	2,535,200	942,039
Programs	180,883	121,628	(59,255)	(33%)	121,628	247,520	(125,893)	(51%)	336,000	214,372
Instructional	294,125	215,818	(78,308)	(27%)	215,818	330,220	(114,402)	(35%)	460,000	244,182
Recreational Revenue	475,008	337,445	(137,563)	(29%)	337,445	577,740	(240,295)	(42%)	796,000	458,555
Investment Income	201,730	191,332	(10,398)	(5%)	191,332	231,514	(40,182)	(17%)	377,651	186,318
Advertising Income	71,192	83,081	11,889	17%	83,081	66,034	17,046	26%	110,000	26,919
Cell Tower Lease Inc.	22,589	27,270	4,681	21%	27,270	21,267	6,003	28%	36,000	8,730
Comm. Revenue	93,780	110,350	16,570	18%	110,350	87,301	23,049	26%	146,000	35,650
Other Income	82,185	46,863	(35,222)	(43%)	46,963	95,246	(48,283)	(51%)	100,500	53,537
Facility Rent	50,652	24,617	(26,036)	(51%)	24,617	68,247	(43,631)	(64%)	100,000	75,383
Marketing Events	-	-	-	0%	-	3,000	(3,000)	(100%)	3,000	3,000
In-Kind Contributions	-	63,913	63,913	0%	63,913	-	63,913	0%	-	(63,913)
Other Revenue	132,838	135,493	2,655	2%	135,493	166,494	(31,001)	(19%)	203,500	68,007
Total Revenue	7,581,100	7,304,246	(276,854)	(4%)	7,304,246	7,852,674	(548,428)	(7%)	11,393,476	4,089,230
Expenses										
Major Proj.-Rep. & Maint.	505,589	192,335	313,254	62%	182,335	187,286	(5,049)	(3%)	285,148	72,813
Facility Maintenance	112,482	299,395	(186,913)	(166%)	299,395	526,873	227,479	43%	704,554	405,159
Fees & Assessments	26,465	(1,430)	27,894	105%	(1,430)	53,404	54,834	103%	78,716	80,146
Utilities	614,562	505,285	109,277	18%	505,285	625,206	119,921	19%	892,031	386,746
Depreciation	1,093,386	1,108,607	(15,222)	(1%)	1,108,607	1,198,170	89,563	7%	1,869,644	761,036
Furniture & Equipment	209,531	105,538	103,993	50%	105,538	155,795	50,258	32%	264,764	159,226
Vehicles	49,067	32,565	16,502	34%	32,565	57,227	24,662	43%	73,624	41,059
Facilities & Equipment	2,611,080	2,242,294	368,785	14%	2,242,294	2,803,961	561,666	20%	4,148,481	1,906,186
Wages, Benfs., PR Exp.	3,010,347	2,919,108	91,238	3%	2,919,108	3,018,494	99,386	3%	4,616,520	1,697,412
Conferences & Training	29,756	9,691	20,065	67%	9,691	47,676	37,985	80%	88,000	78,309
Personnel	3,040,102	2,928,799	111,303	4%	2,928,799	3,066,170	137,370	4%	4,704,520	1,775,721
Food & Catering	23,668	15,783	7,885	33%	15,783	29,165	13,382	46%	45,031	29,248
Recreation Contracts	407,820	304,083	103,735	25%	304,083	508,592	204,509	40%	632,750	328,667
Bank & Credit Card Fees	72,922	66,367	6,556	9%	66,367	86,723	20,356	23%	96,146	29,779
Program	504,410	386,233	118,177	23%	386,233	624,480	238,247	38%	773,927	387,694
Communications	64,557	71,105	(6,548)	(10%)	71,105	70,565	(540)	(1%)	104,149	33,045
Printing	47,657	37,796	9,861	21%	37,796	48,757	10,961	22%	94,497	56,701
Advertising	-	630	(630)	0%	630	5,000	4,370	87%	5,000	4,370
Communications	112,214	109,531	2,683	2%	109,531	124,322	14,791	12%	203,646	94,116
Supplies	179,499	118,945	60,554	34%	118,945	233,430	114,485	49%	344,127	225,182
Postage	9,217	8,580	636	7%	8,580	6,339	(2,241)	(35%)	18,500	9,920
Dues & Subscriptions	5,560	5,419	141	3%	5,419	3,877	(1,542)	(40%)	8,102	2,683
Travel & Entertainment	5,197	4,768	429	8%	4,768	7,413	2,645	36%	16,580	11,812
Other Operating Expense	35,427	170,235	(134,807)	(381%)	170,235	110,447	(59,788)	(54%)	178,260	8,025
Operations	234,900	307,947	(73,047)	(31%)	307,947	361,507	53,560	15%	565,568	257,621
Information Technology	48,603	41,706	6,897	14%	41,706	43,091	1,386	3%	114,900	73,194
Professional Fees	182,510	132,038	50,471	28%	132,038	204,307	72,269	35%	311,749	179,710
Commercial Insurance	186,352	203,211	(16,858)	(9%)	203,211	166,730	(6,481)	(3%)	280,000	76,789
Taxes	-	84	(84)	0%	84	-	(84)	0%	18,000	17,916
Provision for Bad Debt	19,662	-	19,662	100%	-	16,000	16,000	100%	24,000	24,000
Corporate Expenses	437,127	377,039	60,088	14%	377,039	460,129	83,090	18%	748,649	371,610
Expenses	6,939,833	6,351,843	587,990	8%	6,351,843	7,440,568	1,088,725	15%	11,144,791	4,792,948
Gross surplus(Rev-Exp)	641,267	952,402	311,136	49%	952,402	412,105	540,297	131%	248,685	(703,718)
Unrea. Gain/Loss on Invest.	490,883	314,848	(176,035)		314,848	-	314,848		-	(314,848)
Net from Operations	1,132,150	1,267,251	135,101	12%	1,267,251	412,105	855,145	208%	248,685	(1,018,566)



Green Valley Recreation, Inc.
Statement of Changes in Net Assets
As of Date: August 31, 2020 and Dec 31, 2019

	Totals	Unrestricted		Emergency Reserve Fund	Maint - Repair - Replacement Reserve Fund	Initiatives Reserve Fund
		Unrestricted	Fixed Assets			
Net change in net assets-GVR	1,267,251 ⁽¹³⁾	1,267,251	-	-	-	-
Transfers between unrestricted and reserves:						
Reserve Study Allocation	-	-	-	-	-	-
Principal Transfers	-	(1,327,006)	-	-	1,009,542	317,464
Depreciation	-	1,108,607	(1,108,607)	-	-	-
Purchase & Contributed Fixed Assets	-	(273,512)	965,445	-	(309,751)	(382,182)
Withdrawals	-	1,316,595	-	(15,000)	(288,993)	(1,012,602)
Allocations of Net Change components:						
Investment income	-	(165,640)	-	8,220	122,358	35,062
Investment Expenses	-	48,296	-	(3,368)	(34,436)	(10,491)
Unrealized Gains (Losses) on Market	-	(484,429)	-	36,363	379,868	68,198
Repairs and replacements	-	-	-	-	-	-
Net Change to August 31, 2020	1,267,251 ⁽¹³⁾	1,490,162	(143,163)	26,215	878,587	(984,551)
Net Assets at, Dec 31, 2019	29,310,635 ⁽²²⁾	1,203,749	17,670,198 ⁽²¹⁾	880,329 ⁽²³⁾	7,055,756 ⁽²⁴⁾	2,500,602 ⁽²⁵⁾
Net Assets as at, August 31, 2020	30,577,886 ⁽⁸⁾	2,693,912	17,527,035 ⁽⁷⁾	906,544 ⁽⁹⁾	7,934,343 ⁽¹⁰⁾	1,516,051 ⁽¹¹⁾

Footnotes refer to Statement of Financial Position and Statement of Activities

20,220,947

⁽¹⁴⁾

10,356,938 ⁽¹²⁾



Green Valley Recreation, Inc.
Investment Portfolios
Changes and Market Values
Beginning of Year and Current Month End

	Totals	Unrestricted	Emergency Reserve Fund	Maint - Repair - Replace Reserve Fund	Initiatives Reserve Fund
Balance Dec 31, 2019 (at Market)	13,711,327 ⁽²⁰⁾	3,274,640 ⁽¹⁹⁾	880,329 ⁽¹⁵⁾	7,055,756 ⁽¹⁶⁾	2,500,602 ⁽¹⁷⁾
Changes since Jan 1, 2019:					
Principal additions	2,597,016	1,270,010	-	1,009,542	317,464
Investment income	197,984	32,344	8,220	122,358	35,062
Withdrawals	(2,508,528)	(500,000)	(15,000)	(598,745)	(1,394,784)
Investment Expenses	(48,296)	-	(3,368)	(34,436)	(10,491)
Net Change for 8 Months	238,176	802,354	(10,148)	498,719	(1,052,749)
Balance before Market Change at August 31, 2020	13,949,503	4,076,994	870,181	7,554,475	1,447,853
8 months Change in Unrealized Gain/(Loss)	314,848 ⁽²⁶⁾	(169,581)	36,363	379,868	68,198
Balance at August 31, 2020 (at Market)	\$ 14,264,352 ⁽⁹⁾	3,907,414 ⁽⁵⁾	906,543.89 ⁽¹⁾	7,934,343 ⁽²⁾	1,516,051 ⁽³⁾

10,356,938 ⁽¹²⁾

Footnotes refer to Statement of Financial Position and Statement of Activities



**Board of Directors
September 30, 2020**

EXHIBIT

Recommendation for Change to Policy Governance Manual

At the August 26, 2020 meeting the board approved several changes in the Policy Governance Manual.

One of the approved verbiage changes was “GVR members” to “GVR member-owners”.

Arizona statutes declare members of non-profit organizations are not shareholders or owners. Based on this information and for better clarity, the Policy Governance Committee recommends the term be changed from “GVR member-owners” to “GVR homeowner members.”

MOTION: In Policy Governance Manual, change all instances of GVR member-owners to GVR homeowner members.



**Board of Directors
September 30, 2020**

EXHIBIT

Fiscal Affairs Committee – Administrative Office Buildout Update

The final build out of the Administration Offices is nearing completion. This project includes the addition of 6 offices for staff and a staff conference room. The buildout is in the area vacated by the Facilities Maintenance staff when they relocated to the Facilities Maintenance Building in 2017. The 2020 Non Reserve Capital budget contained \$65,000 for the build out. This amount also included improvements to the full building air conditioning and air quality systems. Additional funding of \$20,000 has been approved by the Fiscal Affairs Committee to complete this project. Final items include: flooring, plastering, painting, doors, trim.

MOTION: Allocate up to \$20,000 from 2020 NonReserve Capital to complete the buildout of the Administration Office.



**Board of Directors
September 30, 2020**

EXHIBIT

Fiscal Affairs Committee - Reserve funding changes

GVR makes an annual deposit to the Maintenance, Repair, and Replacement Reserve. This Reserve fund is used for maintenance of our facilities over the next 30 years. Each year, before the end of February, GVR deposits this Annual Reserve Contribution into the MRR fund.

Currently the Corporate Policy Manual (CPM) requires that our Annual Reserve Contribution achieves a fund balance of between 85% and 100%. According to our Reserve Study provider (Browning Reserve Group) the percent funded is not a good measure of adequacy. They state a well-funded community is one where the yearly increases to the contribution are in the range of the component inflation factor (currently 4% for GVR).

Based on this advice, the Fiscal Affairs Committee is recommending that the Corporate Policy Manual eliminate the statements requiring an annual fund balance no less than 85% and no greater than 100%. They would be replaced by the statements in red (below):

***Section V. Fiscal/Accounting**

Subsection 2, Item B – Reserve Study Policy

There are three (3) types of Reserve Studies:

- 1. Full Reserve Study Baseline, vendor evaluates all facilities, equipment and infrastructure*
- 2. Reserve Study with no onsite visit (NOV)_GVR updates Component Inventory with changes*
- 3. Reserve Study with an onsite visit (WOV)_Vendor reevaluates Component Inventory & updates*

During the third quarter of the current budget year GVR staff and the Fiscal Affairs Committee shall recommend and the Board shall approve a reserve study provider and the type of reserve study to be performed during the first quarter of the next budget year.

During the first quarter of each budget year, GVR shall ensure a Reserve Study is performed by a qualified, reputable Reserve Study provider with the final Reserve

Study due 90 days prior to the final budget date. The Reserve Contribution amount will be incorporated into GVR's annual budget.

~~*GVR's percent funded objective is not less than 85% and not greater than 100%.*~~

GVR shall annually make the Reserve Contribution to the Maintenance, Repair and Replacement Reserve Fund called for in the Annual Reserve Study.

***Section V. Fiscal/Accounting**

Subsection 2, Item C, No. 2 – Reserve Contributions and the Annual Budget:

Reserve Contributions to the Reserve Accounts shall be an integral part of the annual budget.

~~*The annual operating budget shall generate sufficient Excess Revenue Over Expenses to make the Reserve Contribution to the Maintenance, Repair and Replacement Reserve Fund called for in the Annual Reserve Study unless such Reserve Contribution generates a Percent Funded greater than 100% in which case the Reserve Contribution may be reduced to achieve a Percent Funded not less than 85%.*~~

The annual operating budget shall generate sufficient Excess Revenue-Over-Expenses to make the Reserve Contribution to the Maintenance, Repair and Replacement Reserve Fund called for in the Annual Reserve Study.

***Section V. Fiscal/Accounting**

Subsection 2, Item E, No. 2 – Target Balance:

~~*This reserve shall be of sufficient size as to maintain a Percent Funded (as defined in the Reserve Study) of not less than 85% and not more than 100%.*~~

This reserve shall maintain a sufficient balance based on Annual Reserve Contributions calculated within the Annual Reserve Study.

MOTION: Approve the recommendation of the Fiscal Affairs Committee for changes to be made to the Corporate Policy Manual relative to Reserve Funding.



APPENDIX GVR BOARD OF DIRECTORS

Insert Date approved by Board

INVESTMENT POLICY STATEMENT

1. Introduction

In making investment decisions, the Green Valley Recreation (GVR) Board of Directors (the “Board”), Investments Committee, GVR’s Chief Executive officer (the “CEO”) and Chief Financial officer (the “CFO”) and GVR’s financial advisor(s), if any, shall act in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances and in a manner they reasonably believe to be in the best interests of Green Valley Recreation, Inc. (the “GVR) and manage the assets of GVR in accordance with the Arizona Prudent Investor Act (AZ Rev Stat § 14-10901 et. seq.) and the Arizona Management of Institutional Funds Act (AZ Rev Stat § 10-11801 et. seq.)

2. Purpose and Scope

The purpose of this Investment Policy Statement (the “IPS”) is to provide a framework for ensuring that GVR investments are managed consistently with GVR’s short-term and long-term financial objectives. At the same time, this IPS is intended to provide for sufficient investment flexibility to adjust to operational and market changes. Section 5 includes the detailed investment strategy and financial objectives for each Fund

The Investment funds include the following:

- a. Operating Cash Investments Account
- b. Initiatives Reserve Fund (IRF)
- c. Maintenance Repair/Replace Reserve Fund (MRF)
- d. Emergency Reserve Fund (ERF)

This IPS applies to all investments of GVR’s excess operating cash and **Reserve Funds** and supersedes Appendix Subsection 3 of the GVR’s Corporate Policy Manual (CPM) concerning investments.

3. Definitions

Defined words used in this IPS are capitalized and written in **Bold** typeface.

See Appendix A for definitions of defined words.

4. Management of Investments.

GVR's Board has fiduciary responsibility for GVR's investments.

The Board, Investments Committee, GVR's CEO and CFO and financial advisor(s), if any, are bound by (1) this IPS unless changed or amended by Board resolution and (2) all federal and state laws and regulations.

The responsible parties for day-to-day management of each investment account are as follows:

- a. Operating Cash Investments Acct: GVR's CEO and CFO.
- b. Initiatives Reserve Fund (IRF): The Investment Advisor.
- c. Maintenance Repair/Replace Reserve Fund (MRF): The Investment Advisor.
- d. Emergency Reserve Fund (ERF): The Investment Advisor.

5. Investment Objectives, Asset Allocation, Risk Tolerance, Investment Strategy, Benchmarks, Liquidity, and Rebalancing.

Investment Objectives

The primary investment principle is to maintain the safety of GVR's assets. The secondary investment principle is to have invested operating cash and **Reserve Funds** available when needed by GVR's operations without incurring an unwarranted loss of value or costs. The maturity horizon for each **Fund** shall be determined by each **Fund's** purpose, use, and needs. The third investment principle is to achieve return on investments exceeding benchmarks, while meeting safety and liquidity principles.

Asset Allocations

The target **Asset Allocations** and anticipated allocation ranges for each **Fund** are below:

A. Operating Cash Investment Account

Investment Type	Target	Range
Cash	25%	20% to 40%
Fixed Income	75%	60% to 80%
Equities	0%	Not Allowed

B. Initiatives Reserve Fund

Investment Type	Target	Range
Cash	10 5%	0% to 20 10%
Fixed Income	80 85%	70 75% to 90 95%
Equities	10%	0% to 20%

C. Maintenance Repair/Replace Reserve Fund

Investment Type	Target	Range
Cash	5%	0% to 10%
Fixed Income	70%	60% to 80%
Equities	25%	15% to 35%

D. Emergency Reserve Fund

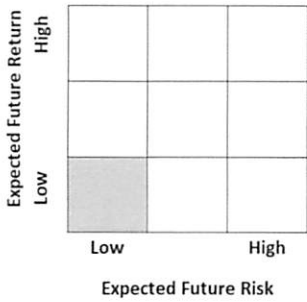
Investment Type	Target	Range
Cash	0%	0% to 10%
Fixed Income	30%	20% to 40%
Equities	70%	60% to 80%

Risk Tolerance

Risk tolerance for each investment fund is as follows:

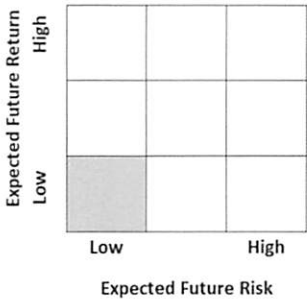
A. Operating Cash Investment Account:

Low Risk/Low Return



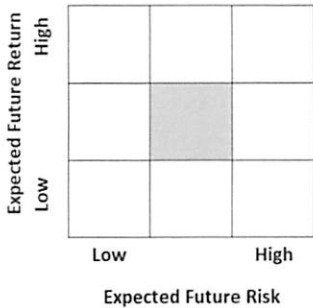
B. Initiatives Reserve Fund

Low Risk/Low Return



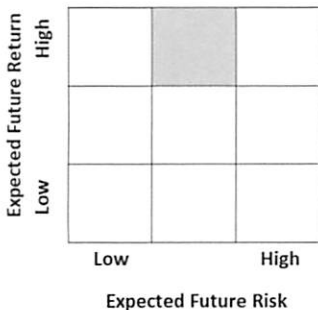
C. Maintenance Repair/Replace Reserve Fund

Medium Risk/Medium Return



D. Emergency Reserve Fund

High Return/Medium Risk



Investment Strategy

Within the constraints of the primary and secondary investment principles and **Risk Tolerance**, the following written Investment Strategies for operating cash investments and each Reserve Fund has been crafted and implemented to achieve the following.

- a. Match the purpose and use of operating cash investments and each **Reserve Fund**.
- b. Provide a relatively predictable and growing stream of annual income and **Capital Appreciation** after inflation, taxes, if any, fees and costs while minimizing the impact of market Volatility.
- c. Excluding Treasury securities, investments in any one security shall not exceed 10% of the value of a reserve fund.

Benchmarks

The following benchmarks will be utilized for the investment funds:

A. Operating Cash Investment Account

For each performance report, the brokerage firm will calculate a blended Benchmark for the Operating Cash Investment Account, from the Benchmarks listed below, to reflect how the funds contained within the account are invested.

- a. ICE BofAML 0-3 Month US Treasury Bill Index TR USD
- b. BB T-Bill 1-3 month TR
- c. BB U.S. 1-3 year Government
- d. BB US Aggregate Index

This blended Benchmark shall be provided by this Fund's Investment Advisor within their reports and presentations to the Client.

B. Initiatives Reserve Fund

The Benchmark for the Initiatives Reserve Fund will be a blended benchmark as follows:

- | | |
|--|--------------|
| a. Russell 3000 Index | 7.0% |
| b. MSCI EAFE | 1.5% |
| c. MSCI EM | 1.5% |
| d. ML 91-Day T-Bill | 10.0% |
| e. Bloomberg Barclays Intermediate Government/Credit | <u>80.0%</u> |
| Total | 100.0% |

A comparison of Fund performance to this benchmark shall be provided by this Fund's Investment Advisor within their reports and presentations to the Client

C. Maintenance Repair/Replace Reserve Fund

The Benchmark for the Maintenance Repair/Replace Reserve Fund will be a blended benchmark as follows:

- | | |
|--|--------------|
| a. Russell 3000 Index | 20.0% |
| b. MSCI EAFE | 2.5% |
| c. MSCI EM | 2.5% |
| d. ML 91-Day T-Bill | 5.0% |
| e. Bloomberg Barclays Intermediate Government/Credit | <u>70.0%</u> |
| Total | 100.0% |

A comparison of Fund performance to this benchmark shall be provided by this Fund's Investment Advisor within their reports and presentations to the Client

D. Emergency Reserve Fund

The Benchmark for the Emergency Reserve Fund will be a blended benchmark as follows:

a. Russell 3000 Index	60.0%
b. MSCI EAFE	5.0%
c. MSCI EM	5.0%
d. Bloomberg Barclays Intermediate Government/Credit	30.0%
Total	100.0%

A comparison of Fund performance to this benchmark shall be provided by this Fund's Investment Advisor within their reports and presentations to the Client

Liquidity

Maintaining sufficient liquidity to meet operational needs is one of GVR's key investment objectives. At each quarterly review of investments with the Investment Advisor, the IC will assess the liquidity position of each fund as to being within the ranges set forth in the asset allocation tables. Also, the IC will monitor the trends from these quarterly reports and determine whether a range adjustment is appropriate. If so, the IC will propose the recommended adjustment to the GVR Board of Directors for approval to revise the IPS.

Rebalancing

Portfolios shall be **Rebalanced** as appropriate but at least quarterly.

6. Permitted Investments:

- a. U.S. Treasury Bills, Notes and Bonds and Certificates of Deposit issued by a bank insured by the Federal Deposit Insurance Corporation
- b. Securities of Federal Agencies that carry the direct or implied guarantee of the U.S. Government including Federal Home Loan Bank, Federal Farm Credit Bank, Federal National Mortgage Association, Student Loan Marketing Association, World Bank and Tennessee Valley Authority.
- c. U.S. and foreign corporate bonds and notes denominated in US Dollars rated **Investment Grade** including short, medium- and long-term notes rated of Baa3 or BBB- or better at time of purchase.
- d. Taxable Municipal bonds rated Baa3 or BBB- or better at time of purchase.
- e. U.S. corporate common stock.
- f. Small-Capitalization Stocks (defined as market-capitalization below \$2 billion) shall not represent more than 10% of the equity segment of any GVR **Fund**.
- g. International Stocks shall not represent more than 15% of the equity segment of any GVR **Fund**.
- h. American Depository Receipts (ADR)** and Global Depository Receipts of a foreign corporation.

- i. Investments in mutual funds, Exchange Traded Funds (“ETF”) and index funds are permitted provided 85% or more of their investments are in permitted investments shown above and such funds do not use **Leverage**.
- j. Overnight investment in money market funds at GVR’s bank and broker/dealer, if any, are permitted.
- k. REITS

7. All investments NOT specified under Permitted Investments above are prohibited.

8. Review and Monitoring

- a. GVR’s Board of Directors is responsible for GVR’s Investment policies, activities, and performance.
- b. The Chief Executive officer (CEO) shall have oversight of and the Chief Financial officer (CFO) is responsible for: a) Monitoring the activities of GVR’s financial advisor(s) b) Day-to-day coordination with Advisor regarding investment activity and decisions.
- c. The Investments Committee’s responsibilities are listed below.
 - 1) Recommend to the Board the selection, hiring and termination of professional outside investment advisor(s) and/or brokerage firm with notice to the CEO
 - 2) Revise GVR’s Investment Policy Statement subject to Board approval
 - 3) Monitor, measure, and report on investment advisor’s or advisors’ performance(s) using the benchmarks specified in Section 5
 - 4) Ensure GVR management implements and complies with GVR’s Investment Policy Statement
 - 5) Meet at least once each calendar quarter to perform its assigned duties and report to the Board.

9. The responsibilities of the Client

- a. The client will authorize the CEO and CFO to serve as liaisons between the Client and Advisor.
- b. Client’s authorized staff is responsible to ensure the smooth transition of the Clients investment portfolio to Advisor.
- c. Client’s authorized staff will oversee that the Advisor’s reporting requirements are met.
- d. Client’s authorized staff will ensure that communications to Advisor from Client’s Board of Directors or Investments Committee are presented to Advisor in a timely manner.
- e. Client’s authorized staff will facilitate the Advisor’s face-to-face and videoconference presentations to Client’s Board of Directors or Investments Committee.
- f. Any proposed changes to this investment policy statement will be discussed with the Advisor promptly.
- g. The client will inform the Advisor, as soon as possible of anticipated additions to or withdrawals from the Portfolio.

10. The responsibilities of the Advisor

- a. Any deviation from this IPS will be discussed in advance with the Client unless market conditions require immediate action.

The Advisor will, within this IPS, have full discretion to buy, sell, invest and reinvest in assets on behalf of the Client.

- b. Advisor has a fiduciary responsibility to make investment decisions based upon what is best for the Client and within Investment Policy Statement approved by the Client, the Advisor will have discretion to buy, sell, invest, and reinvest in investment assets on behalf of the Client, with notification to the Client of such transactions.
- c. The Investment Advisor will make quarterly presentations about the Client's investment portfolio to the Client's Board of Directors and/or Investments Committee in Green Valley, AZ at Advisor's expense at least twice a year, unless otherwise mutually agreed in writing between Advisor and Client.
- d. The Advisor will participate in audio and/or videoconference meetings with the Client's Investments Committee on a quarterly basis each year, when not meeting in person, unless otherwise mutually agreed in writing between Advisor and Client.
- e. At a minimum, the Advisor will provide the GVR Investments Committee with Account Statements showing the following:
 1. Individual positions (at the end of the calendar-quarter),
 2. Asset allocation (at the end of the calendar-quarter),
 3. Fees and expenses charged directly to the IA (during the calendar-quarter),
 4. Transactions (occurring during the calendar-quarter),
 5. Performance net of any and all fees, expenses, and charges (as of the end of the calendar-quarter), and
 6. Comparative Investment Benchmarks, shown above in Section 5. (as of the end of the calendar-quarter).
- f. These account statements will be delivered shortly after the end of each calendar-quarter.

11. Remediation

- a) If a Reserve Fund is in violation of one or more of the Investment Constraints described above for a period of time greater than ten consecutive business days, then:
 - I. The Chairman of the GVR Investments Committee is to be immediately notified. The Chairman shall conduct an Investments Committee meeting, along with the Investment Advisor, to discuss the go -forward strategy due to the out of compliance issue. This shall happen within ten business days.
 - II. The Reserve Fund is to be brought back into compliance within ten business days of the meeting.

- III. Once the Reserve Fund is back in compliance, the Chairman of the GVR Investment Committee is to be immediately notified.
- b) If a Reserve Fund fails to achieve its Investment Objective (identified above under Section 5), then the:
 - I. Chairman of the GVR Investments Committee is to be immediately notified and
 - II. GVR Investments Committee is to meet within one calendar month to develop a recommendation on what actions, if any, should be taken to remedy this failure.

12. Acknowledgments

We, the Board of Directors, recognize the importance of adhering to this Investment Policy Statement and agree to fulfill its objectives to the best of our ability.

On behalf of the Board of Directors

President

Date

Green Valley Recreation, Inc. Board of Directors

APPENDIX A – Definition of Terms

Investment Policy Statement

Green Valley Recreation, Inc.

Investopedia.com is the primary source of definitions. Some definitions have been paraphrased or they are a composite from several sources.

American Depository Receipt (ADR) is a negotiable certificate issued by a U.S. bank representing a specific number of shares (or one share) in a foreign stock that is traded on a U.S. exchange. ADRs are denominated in U.S. Dollars, with the underlying security held by a U.S. financial institution overseas. This is an excellent way to buy an investment in a foreign-based company while realizing any dividend and capital gains in U.S. Dollars. However, ADRs do NOT eliminate currency, economic and country risks attributable to the foreign-based company. There are other ADR risks too. Consult your financial advisor(s).

Asset Class means a group of securities that exhibit similar characteristics. The three (3) main asset classes are stocks, fixed income securities (bills, notes, bonds & other debt) and cash and cash equivalents. Some investment professional would include real estate and commodities and, possibly, other types of investments. Whatever the asset lineup, each one is expected to reflect different risk and return characteristics and will perform differently.

Asset Allocation is an **Investment Strategy** aimed to balance risk and reward by apportioning a portfolio's assets according to an investor's goals, **Risk Tolerance**, and investment time horizon. There is no simple formula that can find the right asset allocation for every investor. However, the consensus among most financial professionals is asset allocation is one of the most important decisions an investor can make. In other words, an investor's selection of individual securities is secondary to the way investments are allocated among the various securities.

Capital Appreciation is a rise of an asset price based on a rise in market price.

Credit Rating is a grade composed of a letter or letters and numbers given to a particular security by a **Nationally Recognized Statistical Rating Organization** (a credit agency) that ranks investment according to its ability to meet its obligations.

Diversification is a process of allocating capital in a way that reduces exposure to any one particular asset or risk.

Fund or Fund's and Funds or Funds' means operating cash investments and each **Reserve Fund**.

Investment Grade is a **Credit Rating** that indicates the issuer of a debt security has relatively low probably of default. In the case of stocks, investment grade indicates the financial soundness of the issuer. The investment industry has well-established credit rating standards for investment grade.

Investment Strategy is an investor's plan of attack to guide its investment decisions based on its goals, **Risk Tolerance** and future needs for invested money. The components of most investment strategies include **Asset Allocation**, buy and sell guidelines and **Risk Tolerance**. Investment strategies can differ greatly from a rapid growth strategy to a **Capital Appreciation** strategy. The most important part of an investment strategy is that it aligns with the investor's goal and it is followed closely by the investor and his financial advisor.

Leverage is the use of various financial instruments or borrowed capital such as margin to increase a potential return of an investment.

Liquidity means how quickly and easily an investment can be converted into cash.

Nationally Recognized Statistical Rating Organization (NRSRO) is a term used by the U.S. Federal government in several regulatory areas to define a credit rating company like Standard & Poor's, Moody's, Fitch and others.

Rebalancing is the process of realigning the weightings of a portfolio's assets to match its **Asset Allocation** model's weightings. Over time, the prices of investments rise and fall unevenly thus changing the weighting of a portfolio's assets. For example: If an **Asset Allocation** model is 40% stocks, 50% fixed income and 10% cash and the current portfolio assets are distributed 45% stocks, 35% fixed income and 20% cash, rebalancing buys and sells investments to align the current portfolio's asset weightings with the **Asset Allocation** model. If a different **Asset Allocation** model is applied to a portfolio, rebalancing adjusts the portfolio's assets to the new **Asset Allocation** model's weightings.

Reserve Fund and Reserve Funds mean a reserve fund as defined in GVR's Corporate Policy Manual, Section V- Fiscal/Accounting, Subsection 2 – Reserve Policy – adopted 11/18/2014, subparagraph B – Maintenance Of GVR Financial Reserve System Updated 8/25/15.

Risk Tolerance is an investor's willingness to risk a potential loss for a potential gain. For example: How comfortable is an investor taking a potential 10% loss for a potential gain of 20%? The investor's risk tolerance is tested at various levels of loss v. gain to assess the investor's overall tolerance for risk and reward.

Volatility is the dispersion of a security's price from its mean price over time. A high deviation from a security's mean indicates high volatility. A low deviation indicates low volatility. Commonly, higher the volatility means higher the risk.



**Board of Directors
September 30, 2020**

EXHIBIT

**Board Affairs Committee Approved
September 10, 2020**

**Recommendation for Changes to Corporate Policy Manual (CPM)
Section IV. Facility Use**

Overview:

After legal review by GVR Corporate Attorney Wendy Ehrlich, the Board Affairs Committee met on September 10, 2020, and approved recommendations for revisions to the Corporate Policy Manual (CPM) Section IV. Facility Use.

Recommendation:

Board Affairs Committee recommends the Board of Directors amend the Corporate Policy Manual (CPM), Section IV. Facility Use, as follows:

SECTION IV – FACILITY USE

SUBSECTION 1. GENERAL FACILITIES RULES AND REGULATIONS (updated 9/25/2018)

A. GVR facilities are established for use and enjoyment of GVR members, eligible guests and visitors who abide by the GVR Member Code of Conduct.

~~B. The use of facilities by nonmembers shall not interfere with the effectiveness of the recreation operation.~~

~~C. Members, guests, and visitors who use GVR facilities and equipment, do so at their own risk, and shall indemnify and hold harmless GVR, its employees and agents.~~

~~B.~~ All GVR facility reservations and arrangements shall be made through the central reservation office located at the Administrative Offices. A GVR Facility Reservation Agreement must be completed for all facility reservations and rentals. 5. An “indemnity clause” that has been reviewed and approved by GVR’s legal counsel, MUST be included within the “Rental Agreement”. Any group, entity or individual that is not wholly comprised of GVR members utilizing a GVR facility MUST state their purpose and sign the “Rental Agreement”. This MUST be signed by a person or persons authorized to speak for the group, as part of the application process.

~~C.~~ All members and guests are required to carry their membership cards or other authorized GVR identification while using GVR facilities. Individuals must produce GVR identification when requested by staff or any staff-authorized volunteer. Members and guests are required to sign-in or swipe their membership card. Clubs and other authorized groups must provide an attendance roster or similar document which lists each person utilizing a GVR facility.

~~D.~~ Staff and staff-authorized volunteers are empowered to enforce rules and regulations.

~~E.~~ GVR member and nonmember individuals and groups may rent facilities subject to current rules, regulations, and fees. GVR members individuals and groups have priority in facility rentals before over nonmembers individuals and groups.

~~H. GVR member individuals and groups have priority in facility rentals before nonmember individuals and groups.~~

~~I. The Chief Executive officer may authorize use of GVR facilities on a complimentary or fee basis for any GVR sponsored, GVR co-sponsored, or GVR Foundation event or activity. Authorization of GVR Foundation activities are subject to terms of the GVR/GVR Foundation Resource Sharing Agreement (see APPENDIX I – BOARD POLICIES, Subsection 4).~~

~~F.~~ GVR classes may preempt drop-in use of GVR facilities.

~~K. Fees may be charged to recover the cost of any specialized services, events or programs.~~

~~L. GVR facilities will not be used by any member for commercial purposes. Personal sales resulting from hobby pursuits are permitted.~~

~~M.~~ Individual members, visitors, guests, and groups using or renting GVR facilities are responsible for maintaining those facilities in a neat and orderly condition.

NH. Printed materials made available to attendees during the meeting/rental period must be removed at the end of the rental period.

OI. Individuals who damage GVR equipment due to improper or careless use are responsible for the repair or replacement of that equipment. Members are responsible for damages caused by their guests.

PJ. Special GVR shop/facility rules and regulations must be complied with by individual members, visitors, guests, and groups.

KE. Non-member "Personal Assistants" may accompany a member to a GVR facility in order to help them with walking, showering, dressing or undressing, or with other non-therapeutic tasks as necessary and may not use GVR facilities for their own personal use.

L. GVR reserves the right to deny the use of its facilities by members or nonmembers for any of the following reasons as determined in the sole discretion of the CEO:

1. There is a reasonable concern that the individual or group may advocate or promote an activity that is prohibited by local, state or federal law.

2. There is a reasonable concern that the individual or group may advocate discrimination based on sex, age, race, ethnicity, nationality, disability, sexual orientation, gender identity, or religion.

3. There is a reasonable concern that use of facilities by an individual or group could lead to a civil disruption.

4. There is a reasonable concern that the individual or group promotes a position that may be adverse to GVR.

5. There is a reasonable concern about other legal or safety issues.

~~Q. No alcoholic beverages shall be sold on GVR premises without a valid special sales permit or liquor license. (See Section VIII, Subsection 4 for the complete Liquor Policy.)~~

~~R. Non-member "Personal Assistants" may accompany a member to a GVR facility in order to help them with walking, showering, dressing or undressing, or with other non-therapeutic tasks as necessary and may not use GVR facilities for their own personal use.~~

~~S. Animals are not permitted in or on GVR property, with the exception of Service animals, unless otherwise authorized by the GVR Chief Executive officer (CEO) to accommodate community events or other special circumstances.~~

~~T. No firearms are allowed on your person on any GVR property or in any GVR facilities except law enforcement or licensed security.~~

~~U. It is the policy of Green Valley Recreation, Inc. to provide and maintain a Drug Free Environment for its members and employees. As such, Green Valley Recreation, Inc. prohibits the use of illegal drugs on GVR premises.~~

~~V. GVR facility areas may be rented for political party meetings, campaign events, polling places, and informational presentations such as candidate forums or town hall meetings, subject to space availability and GVR fees at nonmember rates, regardless of GVR member affiliation.~~

~~W. Advertising or promotional signage for non-GVR elected positions (e.g., public sector election campaigns), including solicitation of support/opposition regarding candidates or ballot issues is NOT permitted on GVR property except as follows: (1) within rented meeting space~~

~~during the rental period; or (2) in public areas and parking lots of a GVR facility being used as a polling place on election day or as an early voting site during the period of early voting.~~

SUBSECTION 2. PROHIBITED ACTIVITIES.

- A. No alcoholic beverages shall be sold on GVR premises without a valid special sales permit or liquor license. (See Section VIII, Subsection 4 for the complete Liquor Policy.)
- B. Animals are not permitted in or on GVR property, with the exception of Service animals, unless otherwise authorized by the GVR Chief Executive officer (CEO) to accommodate community events or other special circumstances.
- C. No firearms are allowed on any GVR property or in any GVR facilities except law enforcement or licensed security.
- D. It is the policy of Green Valley Recreation, Inc. to provide and maintain a Drug-Free Environment for its members and employees. As such, Green Valley Recreation, Inc. prohibits the use of illegal drugs on GVR premises.
- E. Pursuant to the Smoke-Free Arizona Act (A.R.S.§36-601.01), GVR prohibits smoking in all indoor facilities and outside areas within 20 feet of all entrances and windows. Smoking is prohibited in pool areas and in all GVR vehicles. Smoking will be allowed in designated outdoor areas only.
- F. GVR prohibits vaping in all non-smoking areas, including in all indoor facilities and areas within 20 feet of all entrances and windows. Vaping is prohibited in pool areas and in all GVR vehicles. Vaping will be allowed in designated outdoor areas and wherever smoking is allowed.
- G. GVR facilities may not be used for commercial purposes. Personal sales resulting from hobby pursuits are permitted.

SUBSECTION 2. SPECIAL FACILITIES USAGE

- A. ~~General Usage~~
 - 1. ~~GVR facilities are provided for the use of GVR members and their guests.~~
 - 2. ~~GVR reserves the right to deny access to GVR facilities by anyone (member or non-member). Reasons for denial of use include, but may not be limited to the following:~~
 - a. ~~If there is a reasonable concern that the group may advocate or promote an activity that is prohibited by local, state or federal statute.~~
 - b. ~~It is determined that the group is involved in a discriminatory endeavor.~~
 - c. ~~There is a reasonable concern that appearance of the group could lead to a civil disruption.~~
 - d. ~~There are other legal or safety concerns.~~
 - e. ~~The CEO has the authority and discretion to make all final decisions~~
 - 3. ~~The Chief Executive Officer may authorize the use of GVR facilities for any GVR sponsored event of community interest.~~
 - 4. ~~GVR facilities may be used by any group, entity or individual that is not wholly comprised of GVR members, subject to appropriate rental agreements and fees.~~

~~5. An "indemnity clause" that has been reviewed and approved by GVR's legal counsel, MUST be included within the "Rental Agreement". Any group, entity or individual that is not wholly comprised of GVR members utilizing a GVR facility MUST state their purpose and sign the "Rental Agreement". This MUST be signed by a person or persons authorized to speak for the group, as part of the application process.~~

~~6. GVR classes may preempt drop in use of GVR facilities.~~

~~7. Use of meeting rooms must authorized in accordance with the established reservation procedure before occupancy.~~

~~8. Non-member "personal assistants may accompany a member to a GVR facility in order to help them with walking, showering, dressing or undressing, or with other non-therapeutic tasks as necessary and may not use GVR facilities for the own personal use.~~

SUBSECTION 3. POLITICAL ACTIVITIES.

A. GVR members may circulate petitions and/or solicit support or opposition of GVR candidates or ballot issues in GVR facility lobby areas, common areas, and parking lots as long as such activities do not interfere with GVR operations or facility reservations or violate fire code regulations as determined by GVR staff.

B. Surveys, opinion polls and questionnaires related to GVR affairs, and distributed on GVR property, may be circulated by members only after being reviewed by GVR administration for accuracy and suitability.

C. GVR facility areas may be rented for political party meetings, campaign events, polling places, and informational presentations such as candidate forums or town hall meetings, whether related to GVR elections or outside political causes, subject to space availability.

D. Advertising or promotional signage for non-GVR elected positions (e.g., public sector election campaigns), including solicitation of support/opposition regarding candidates or ballot issues is NOT permitted on GVR property except as follows: (1) within rented meeting space during the rental period; or (2) in public areas and parking lots of a GVR facility being used as a polling place on election day or as an early voting site during the period of early voting.

SUBSECTION 4. SPECIAL USES.

~~AB.~~ Use of Hobby Shops and Studios

These facilities are monitored by volunteers. When asked, members and guests must show their GVR membership or guest cards to use the facilities. Clubs have the right to restrict use of club facilities to club members only.

~~BC.~~ Use of Kitchens

GVR kitchens are classified as catering kitchens. Food preparation and cooking is not allowed. Kitchen facilities may be used for warming pre-cooked food or for chilling cold entrées.

~~CD.~~ Use of Caterers

Caterers must be registered and approved by GVR in order to work in GVR facilities. Contact the central reservation office located at the Administrative Offices for a current list of approved caterers.

DE. Use of Storage

1. GVR may provide small storage space, at no cost, to Clubs if space is available.
2. Clubs may provide locks.
3. GVR is not liable for any property lost, damaged or stolen while in storage.

EF. Use of Equipment

GVR may provide and maintain furniture and equipment in the facilities for the recreational use of its members.

FG. GVR Pool Management Policies

1. GVR offers heated swimming pools and spas for member use.
2. Hours of operation are established and posted by GVR administration.
3. GVR pools shall operate in compliance with Pima County Code Title 8, Chapter 8.322, "Swimming Pool and Spas," and any other applicable Pima County regulations.
4. ~~The Pima County Health Department classifies GVR pools as "semi-public" per the following guidance: "A swimming pool on the premises of, or part of, but not limited to a hotel, motel, trailer court, apartment house, country club, camp, health club, condominium, homeowners association, or similar establishment where the primary business of the establishment is not the operation of the swimming facilities, and where admission to the use of the pool is included in the fee, or considerations paid or given for the primary use of the premises."~~

54. GVR staff has authority to close a swimming pool or spa if they determine that its operation and use presents danger to individuals.

56. GVR follows the guidelines provided by the National Lightning Safety Institute (NLSI) to determine when to close indoor and outdoor swimming pools, spas and showers due to lightning as a safety precaution. As of August 2014, NLSI guidelines state:

- a. Both outdoor and indoor pools and showers will be evacuated before or when lightning gets five miles away.
- b. At the first signs of thunder or lightning, all pool and shower activities will be suspended until 30 minutes after the last observed thunder or lightning. (Adopted 08/26/14):

SUBSECTION 5H. RENTALS AND FEES ~~Rentals and Fees~~

A1. The Chief Executive officer will implement a Board-approved fee schedule for rental of GVR facilities. The CEO is authorized to waive facility rental fees in special circumstances, as deemed appropriate.

B2. Rental fees for groups composed solely of GVR members shall be waived; however, all individuals and groups (whether member or nonmember) may be charged fees for special computer and technology setups; Internet connections; LED projection; special sound system or lighting requirements, overtime cleanup charges, or labor charges for special setup needs which require additional personnel.

~~C3.~~ GVR is interested in supporting community service events, and may rent its facilities on a fee basis for such events whenever it is practical to do so. A community service event is normally sponsored by a non-profit organization or local government agency. ~~GVR facilities are routinely used as polling facilities during elections.~~

~~D.~~ [The Chief Executive officer may authorize use of GVR facilities on a complimentary or fee basis for any GVR-sponsored, GVR co-sponsored, or GVR Foundation event or activity. Authorization of GVR Foundation activities are subject to terms of the GVR/GVR Foundation Resource Sharing Agreement \(see APPENDIX I – BOARD POLICIES, Subsection 4\).](#)

~~E.~~ Fees may be charged to recover the cost of any specialized services, events or programs.

~~I.~~ GVR Property Rights

~~GVR legal counsel has affirmed that GVR's Bylaws do not provide members with the unlimited use of its facilities for any and all purposes, and that as a private property owner, 'GVR may deny the use of its facilities to member and nonmember individuals and groups without abridging the freedom of speech and assembly granted by the Arizona Constitution.' (GVR Legal Opinion, May 20, 2015)~~

~~J.~~ Denial of Use of GVR Facilities

~~1.~~ Based on GVR legal review and opinion, GVR reserves the right to deny the use of its facilities by member or nonmember individuals or groups whose purposes are deemed contrary or adverse to GVR's as determined in the sole discretion of the CEO.

~~2.~~ A decision by the CEO to deny use of GVR facilities shall be based on one or more of the following conditions:

~~a.~~ There is a reasonable concern that the individual or group may advocate or promote any activity that is prohibited by local, state or federal statute.

~~b.~~ There is a reasonable concern that the individual or group is involved in discriminatory behavior based on sex, age, race, ethnicity, nationality, disability, sexual orientation, gender identity, religious and political opinions.

~~c.~~ There is a reasonable concern that use of facilities by an individual or group could lead to a civil disruption.

~~d.~~ There is a reasonable concern that the individual or group promotes a position that may be detrimental to GVR.

~~e.~~ There is a reasonable concern about other legal or safety issues.

~~K.~~ Smoke Free Zone at Facilities

~~1.~~ The Smoke Free Arizona Act (ARS§36-601.01) requires GVR to establish a Smoke Free zone at all facilities. The purpose of the Smoke Free Arizona Act is to protect individuals from the harmful effects of second hand smoke in enclosed public places.

~~2.~~ To comply with this law, GVR prohibits smoking in all non-smoking areas, including enclosed areas and areas within 20 feet of all entrances and windows. Smoking is prohibited in all indoor facility areas, pool areas and in all GVR vehicles.

~~3.~~ Smoking will be allowed in designated outdoor areas only.

~~L.~~ Vaping Free Zone at Facilities — adopted 5/22/2019

1. ~~GVR prohibits vaping in all non-smoking areas, including enclosed areas and areas within 20 feet of all entrances and windows. Vaping is prohibited in all indoor facility areas, pool areas and in all GVR vehicles.~~

2. ~~Vaping will be allowed in designated outdoor areas and wherever smoking is allowed.~~

~~SUBSECTION 3. CIRCULATION OF GVR RELATED POLITICAL MATERIALS; GVR RELATED SURVEYS, POLLS, QUESTIONNAIRES~~

A. ~~GVR petitions, solicitation of support or opposition regarding GVR candidates or ballot issues by GVR members shall only be permitted in GVR facility lobby areas, common areas, or curbsides and parking lots. Further guidance may be found in the GVR Corporate Operations Manual.~~

B. ~~Surveys, opinion polls and questionnaires related to GVR affairs, and distributed on GVR property, may be circulated by members only after being reviewed by GVR administration for accuracy and suitability.~~

V. GVR facility areas may be rented for political party meetings, campaign events, polling places, and informational presentations such as candidate forums or town hall meetings, subject to space availability and GVR fees at nonmember rates, regardless of GVR member affiliation.

W. Advertising or promotional signage for non-GVR elected positions (e.g., public sector election campaigns), including solicitation of support/opposition regarding candidates or ballot issues is NOT permitted on GVR property except as follows: (1) within rented meeting space during the rental period; or (2) in public areas and parking lots of a GVR facility being used as a polling place on election day or as an early voting site during the period of early voting.

SECTION IV – FACILITY USE

SUBSECTION 1. GENERAL FACILITIES RULES AND REGULATIONS

- A. GVR facilities are established for use and enjoyment of GVR members, eligible guests and visitors who abide by the GVR Member Code of Conduct.
- B. All GVR facility reservations and arrangements shall be made through the central reservation office located at the Administrative Offices. A GVR Facility Reservation Agreement must be completed for all facility reservations and rentals. Any group, entity or individual that is not wholly comprised of GVR members utilizing a GVR facility MUST state their purpose and sign the “Rental Agreement”. This MUST be signed by a person or persons authorized to speak for the group, as part of the application process.
- C. All members and guests are required to carry their membership cards or other authorized GVR identification while using GVR facilities. Individuals must produce GVR identification when requested by staff or any staff-authorized volunteer. Members and guests are required to sign-in or swipe their membership card. Clubs and other authorized groups must provide an attendance roster or similar document which lists each person utilizing a GVR facility.
- D. Staff and staff-authorized volunteers are empowered to enforce rules and regulations.
- E. GVR member and nonmember individuals and groups may rent facilities subject to current rules, regulations, and fees. GVR members have priority in facility rentals over nonmembers.
- F. GVR classes may preempt drop-in use of GVR facilities.
- G. Individual members, visitors, guests, and groups using or renting GVR facilities are responsible for maintaining those facilities in a neat and orderly condition.
- H. Printed materials made available to attendees during the meeting/rental period must be removed at the end of the rental period.
- I. Individuals who damage GVR equipment due to improper or careless use are responsible for the repair or replacement of that equipment. Members are responsible for damages caused by their guests.
- J. Special GVR shop/facility rules and regulations must be complied with by individual members, visitors, guests, and groups.
- K. Non-member “Personal Assistants” may accompany a member to a GVR facility in order to help them with walking, showering, dressing or undressing, or with other non-therapeutic tasks as necessary and may not use GVR facilities for their own personal use.
- L. GVR reserves the right to deny the use of its facilities by members or nonmembers for any of the following reasons as determined in the sole discretion of the CEO:
 - 1. There is a reasonable concern that the individual or group may advocate or promote an activity that is prohibited by local, state or federal law.
 - 2. There is a reasonable concern that the individual or group may advocate discrimination based on sex, age, race, ethnicity, nationality, disability, sexual orientation, gender identity, or religion.
 - 3. There is a reasonable concern that use of facilities by an individual or group could lead to a civil disruption.

4. There is a reasonable concern that the individual or group promotes a position that may be adverse to GVR.
5. There is a reasonable concern about other legal or safety issues.

SUBSECTION 2. PROHIBITED ACTIVITIES.

- A. No alcoholic beverages shall be sold on GVR premises without a valid special sales permit or liquor license. (See Section VIII, Subsection 4 for the complete Liquor Policy.)
- B. Animals are not permitted in or on GVR property, with the exception of Service animals, unless otherwise authorized by the GVR Chief Executive officer (CEO) to accommodate community events or other special circumstances.
- C. No firearms are allowed on any GVR property or in any GVR facilities except law enforcement or licensed security.
- D. It is the policy of Green Valley Recreation, Inc. to provide and maintain a Drug-Free Environment for its members and employees. As such, Green Valley Recreation, Inc. prohibits the use of illegal drugs on GVR premises.
- E. Pursuant to the Smoke-Free Arizona Act (A.R.S. §36-601.01), GVR prohibits smoking in all indoor facilities and outside areas within 20 feet of all entrances and windows. Smoking is prohibited in pool areas and in all GVR vehicles. Smoking will be allowed in designated outdoor areas only.
- F. GVR prohibits vaping in all non-smoking areas, including in all indoor facilities and areas within 20 feet of all entrances and windows. Vaping is prohibited in pool areas and in all GVR vehicles. Vaping will be allowed in designated outdoor areas and wherever smoking is allowed.
- G. GVR facilities may not be used for commercial purposes. Personal sales resulting from hobby pursuits are permitted.

SUBSECTION 3. POLITICAL ACTIVITIES.

- A. GVR members may circulate petitions and/or solicit support or opposition of GVR candidates or ballot issues in GVR facility lobby areas, common areas, and parking lots as long as such activities do not interfere with GVR operations or facility reservations or violate fire code regulations as determined by GVR staff.
- B. Surveys, opinion polls and questionnaires related to GVR affairs, and distributed on GVR property, may be circulated by members only after being reviewed by GVR administration for accuracy and suitability.
- C. GVR facility areas may be rented for political party meetings, campaign events, polling places, and informational presentations such as candidate forums or town hall meetings, whether related to GVR elections or outside political causes, subject to space availability.
- D. Advertising or promotional signage for non-GVR elected positions (e.g., public sector election campaigns), including solicitation of support/opposition regarding candidates or ballot issues is NOT permitted on GVR property except as follows: (1) within rented meeting space during the rental period; or (2) in public areas and parking lots of a GVR facility being used as a polling place on election day or as an early voting site during the period of early voting.

SUBSECTION 4. SPECIAL USES.

A. Use of Hobby Shops and Studios

These facilities are monitored by volunteers. When asked, members and guests must show their GVR membership or guest cards to use the facilities. Clubs have the right to restrict use of club facilities to club members only.

B. Use of Kitchens

GVR kitchens are classified as catering kitchens. Food preparation and cooking is not allowed. Kitchen facilities may be used for warming pre-cooked food or for chilling cold entrées.

C. Use of Caterers

Caterers must be registered and approved by GVR in order to work in GVR facilities. Contact the central reservation office located at the Administrative Offices for a current list of approved caterers.

D. Use of Storage

1. GVR may provide small storage space, at no cost, to Clubs if space is available.
2. Clubs may provide locks.
3. GVR is not liable for any property lost, damaged or stolen while in storage.

E. Use of Equipment

GVR may provide and maintain furniture and equipment in the facilities for the recreational use of its members.

F. GVR Pool Management Policies

1. GVR offers heated swimming pools and spas for member use.
2. Hours of operation are established and posted by GVR administration.
3. GVR pools shall operate in compliance with Pima County Code Title 8, Chapter 8.322, "Swimming Pool and Spas," and any other applicable Pima County regulations.
4. GVR staff has authority to close a swimming pool or spa if they determine that its operation and use presents danger to individuals.
5. GVR follows the guidelines provided by the National Lightning Safety Institute (NLSI) to determine when to close indoor and outdoor swimming pools, spas and showers due to lightning as a safety precaution. As of August 2014, NLSI guidelines state:
 - a. Both outdoor and indoor pools and showers will be evacuated before or when lightning gets five miles away.
 - b. At the first signs of thunder or lightning, all pool and shower activities will be suspended until 30 minutes after the last observed thunder or lightning. (Adopted 08/26/14):

SUBSECTION 5. RENTALS AND FEES.

A. The Chief Executive officer will implement a Board-approved fee schedule for rental of GVR facilities. The CEO is authorized to waive facility rental fees in special circumstances, as deemed appropriate.

B. Rental fees for groups composed solely of GVR members shall be waived; however, all individuals and groups (whether member or nonmember) may be charged fees for special computer and technology setups; Internet connections; LED projection; special sound system or

lighting requirements, overtime cleanup charges, or labor charges for special setup needs which require additional personnel.

C. GVR is interested in supporting community service events, and may rent its facilities on a fee basis for such events whenever it is practical to do so. A community service event is normally sponsored by a non-profit organization or local government agency.

D. The Chief Executive officer may authorize use of GVR facilities on a complimentary or fee basis for any GVR-sponsored, GVR co-sponsored, or GVR Foundation event or activity. Authorization of GVR Foundation activities are subject to terms of the GVR/GVR Foundation Resource Sharing Agreement (see APPENDIX I – BOARD POLICIES, Subsection 4).

E. Fees may be charged to recover the cost of any specialized services, events or programs.



**Board of Directors
September 30, 2020**

EXHIBIT

**Board Affairs Committee Approved
September 10, 2020**

**Recommendation for Changes to Corporate Policy Manual (CPM) to
Indemnify Committee Members**

Overview:

After legal review by GVR Corporate Attorney Wendy Ehrlich, the Board Affairs Committee met on September 10, 2020, and approved the recommendation to the Corporate Policy Manual (CPM) Section IX. Risk Management, Subsection 3.

Recommendation:

Board Affairs Committee recommends the Board of Directors amend the Corporate Policy Manual (CPM) as follows:

Add to Section IX. Risk Management, Subsection 3, the following:

C. Committee Members. Committee members shall be listed as additional insureds on the directors and officers liability policy.



**Board of Directors
September 30, 2020**

EXHIBIT

**Board Affairs Committee Approved
September 10, 2020**

**Recommendation for Changes to Corporate Policy Manual (CPM)
Composition of Committees**

Overview:

After legal review by GVR Corporate Attorney Wendy Ehrlich, the Board Affairs Committee met on September 10, 2020, and approved recommendations for revisions to the Corporate Policy Manual (CPM) Section VI. BOARD/BOARD COMMITTEES.

Recommendation:

Board Affairs Committee recommends the Board of Directors amend the Corporate Policy Manual (CPM) as follows:

Section VI. BOARD/BOARD COMMITTEES
Subsection 4. BOARD COMMITTEES' DUTIES AND RESPONSIBILITIES
B. Committees of the Board of Directors

B. Committees of The Board of Directors (updated May 22, 2018)

- ~~1. Standing Committee Chairpersons shall be Directors, appointed by the Board President. Ad Hoc and Special Committee Chairpersons shall be appointed by the President, but need not be Directors. All Chairpersons must be approved by the Board.~~
Standing and Special/Ad Hoc Committee Chairpersons must be Directors. Chairpersons shall be nominated by the President, subject to approval of the Board.
2. The Board will establish the duties and responsibilities of the committees. Each committee shall make policy recommendations to the Board for consideration.
3. Committee meetings will normally be open to all GVR members, but may be held in closed session, at the discretion of the committee or subcommittee chairperson.
4. The President may establish special or ad hoc committees comprised of members/assigned members in good standing, Directors and Administrative Staff.
5. Committees are not required to follow Robert's Rules of Order.
6. Meetings shall be set by the Chairperson and shall be conducted as needed, but not less than quarterly.
7. ~~At least one other committee member shall be a Director of the Board.~~ Committee members shall be GVR members in good standing, appointed by the Chairperson, and staff members selected by the Chief Executive Officer. To the extent possible, committees will include members knowledgeable about the functionality of that specific committee.
8. Directors may attend any GVR committee meeting, whether open or closed. To attend a meeting from a remote site, a request shall be made by email to the committee chairperson at least three business days prior to the meeting. Directors will be provided with all materials otherwise provided to committee members.

B. Committees of The Board of Directors

1. Standing and Special/Ad Hoc Committee Chairpersons must be Directors. Chairpersons shall be nominated by the President, subject to approval of the Board.
2. The Board will establish the duties and responsibilities of the committees. Each committee shall make policy recommendations to the Board for consideration.
3. Committee meetings will normally be open to all GVR members, but may be held in closed session, at the discretion of the committee or subcommittee chairperson.
4. The President may establish special or ad hoc committees comprised of members/assigned members in good standing, Directors and Administrative Staff.
5. Committees are not required to follow Robert's Rules of Order.
6. Meetings shall be set by the Chairperson and shall be conducted as needed, but not less than quarterly.
7. Committee members shall be GVR members in good standing, appointed by the Chairperson, and staff members selected by the Chief Executive officer. To the extent possible, committees will include members knowledgeable about the functionality of that specific committee.
8. Directors may attend any GVR committee meeting, whether open or closed. To attend a meeting from a remote site, a request shall be made by email to the committee chairperson at least three business days prior to the meeting. Directors will be provided with all materials otherwise provided to committee members.



**Board of Directors
September 30, 2020**

EXHIBIT

**Board Affairs Committee Approved
September 10, 2020**

Recommendation for Corporate Policy Manual Changes Legal Review

Overview:

The purpose of the Motion is to streamline the process of making changes to the CPM. The current practice is for committees to draft their own proposed CPM changes which are then forwarded to legal counsel for review, comment and revision. GVR's counsel has repeatedly told the BAC that this is not a cost-effective process, as it often requires her to perform additional work explaining why certain changes are problematic (inconsistent with the Bylaws or Arizona law, or are vague and ambiguous) and then revising the proposed changes to address those issues.

The time the attorney spends (and hence, the attorney's fees incurred by GVR) would be greatly reduced if committees simply provided her with an explanation of the change the committee would like to make, and the reason for the change. This will allow her to use her time (and expertise) solely for the purpose of drafting the proposed language. The time saved by this process will also allow her to determine whether there are other provisions in that particular CPM section that should be simultaneously revised, in furtherance of the BAC's ultimate goal of ensuring that all of the CPM's provisions are well-drafted and consistent with GVR's Bylaws and Arizona law.

Recommendation:

Board Affairs Committee (BAC) recommends the Board of Directors accept the following procedure for all CPM changes and include this language with BAC Committee charge in CPM:

If a committee wishes to make changes to the Corporate Policy Manual (CPM):

- a. The committee will provide a paragraph stating the purpose and goal of the proposed changes to the Board Affairs Committee (BAC).**
- b. If the BAC approves the purpose and intent, BAC will forward to GVR's legal counsel to draft changes.**
- c. The draft changes will be presented to BAC and the committee submitting the request.**
- d. If approved by both the BAC and the committee, the draft will be forwarded as a recommendation to GVR Board of Directors for approval.**

Selected Readings on Volunteerism For GVR

Compiled by Mark Kelley
September, 2020

Three articles with slightly varying views on the topic of volunteers in not for profit organization follow. This is being presented to provide background in discussion of a volunteerism policy within the GVR Policy Governance manual.

Employee or Volunteer: What's the Difference?

By Melanie Lockwood Herman

Nonprofit organizations frequently depend on the service and commitment of volunteers as well as the labor of employees. The skills and talents of both types of workers bring nonprofit missions to life. At first glance, the simple difference between these two types of workers is that employees get paid and volunteers don't. Yet many nonprofit leaders have discovered that there is more to distinguishing between employees and volunteers than whether an individual receives a regular paycheck. This article explores two subtopics under the umbrella issue of employee versus volunteer status: whether employees may also volunteer, and the consequences of compensating volunteers.

When Employees Also Volunteer

May your nonprofit's paid employees also serve as unpaid volunteers? Each year the NRMC team receives numerous calls and email messages from leaders who tell us that their dedicated, paid staff are eager to volunteer in the evenings and on weekends. In some cases these willing staff volunteer to work "off the clock," while in other instances they sign up or formally apply for volunteer roles, such as volunteer ticket takers, coaches or special event staff, or as volunteer mentors in the nonprofit's mentoring program. But we also receive calls from employees who want to know whether they can be forced to "volunteer" and on occasion from employees

who are indignant after having been told that they cannot volunteer their services in the agency where they are employed.

At the time the Fair Labor Standards Act (“FLSA”) was revised in 1985, Congress stated its desire to prevent any manipulation or abuse of minimum wage or overtime requirements through coercion or undue pressure upon individuals to ‘volunteer’ their services. Yet the Department of Labor’s Wage and Hour Division has recognized that a volunteer in a religious, charitable, civic, humanitarian or similar nonprofit is not subject to the FLSA. Volunteers may work for nonprofits without expectation of compensation, and nonprofits are free to recruit and retain true volunteers without undue worry about the risk of wage and hour claims.

According to the Department of Labor, a volunteer is: an “individual who performs hours of service’ for civic, charitable, or humanitarian reasons, without promise, expectation or receipt of compensation for services rendered. To determine whether an individual is a true volunteer engaged in “ordinary volunteerism,” the Department of Labor considers a number of factors. No single factor is determinative. The factors include:

- Is the entity that will benefit/receive services from the volunteer a nonprofit organization?
- Is the activity less than a full-time occupation?
- Are the services offered freely and without pressure or coercion?
- Are the services of the kind typically associated with volunteer work?
- Have regular employees been displaced to accommodate the volunteer?
- Does the worker receive (or expect) any benefit from the entity to which it is providing services?

A volunteer position at your nonprofit is likely to be regarded as “ordinary volunteerism” and safely exempt from the minimum wage requirements of the FLSA if you can answer “yes” to the first four questions and “no” to the final two questions.

Risk Management Tips

If your nonprofit engages both paid personnel and unpaid volunteers and paid employees are eligible to volunteer, consider the following tips to increase the safety of your HR and volunteer management practices.

- **Put it in Writing** — An important step in distinguishing between your employees and volunteers is to document the distinct roles that each group of workers plays in the organization. First, make certain that you have written job descriptions for each paid role in your nonprofit. A job description should

contain information on the employee's classification and status (e.g., regular/non-exempt/part-time or temporary/full-time/exempt, etc.), education and other requirements, as well as specific job duties. Volunteer roles should be defined in position descriptions or volunteer agreements that emphasize volunteer status and make it clear that no compensation will be provided. A Volunteer Agreement is especially helpful when the volunteer is also an employee, because it requires both the nonprofit and the volunteer to agree and acknowledge that volunteer service is separate from employment and that the willingness to volunteer will have no impact on the terms of a volunteer's employment with the agency.

- **Document Policies in Separate Manuals** — While the NRMC team recognizes the desire to economize in developing policies, we believe it is inappropriate and risky to consolidate policies for employees and volunteers in a single handbook or manual. An Employee Handbook or Personnel Policies Manual should be developed and distributed to employees only. A Volunteer Handbook or Volunteer Policies Manual should be developed for your volunteer workforce. The overlap in policies should be minimal, such as those related to safety matters. Employees who also volunteer should be instructed that their volunteer service is governed by the policies in the Volunteer Handbook, and that their paid service is governed by the policies in the Employee Handbook. An employee who volunteers should have a job description and a Volunteer Agreement.
- **Never Ignore “Off the Clock” Service** — Employers who look the other way when nonexempt workers “volunteer” after hours expose their nonprofits to costly wage and hour claims. The nonexempt employee who is content to volunteer today could be an aggrieved plaintiff demanding unpaid wages and penalties six months from now. Keep in mind that it is the employer's duty (not the employee's!) to keep track of the hours worked by nonexempt employees and to ensure that compensation practices are FLSA compliant. Exempt employees are expected to work the hours required to perform their jobs. Most exempt employee schedules include occasional long days and extended work weeks. The additional time spent beyond a customary eight-hour day or 40-hour work week is generally part of the job, and not “volunteer” service to the agency. If, however, an exempt worker seeks a formal volunteer role in the nonprofit he or she should be required to follow the proper channels and should be subject to the rules and supervision associated with that volunteer role.
- **Never Coerce Employees to Volunteer** — An employee who feels coerced to “volunteer” after regular work hours is a wage and hour claim waiting to happen. No individual—whether they are on your payroll or not—should be coerced to volunteer their time for your nonprofit. Make certain that all supervisors at your organization are aware of the distinction between employee and volunteer status, and that they understand that strong-arming

employees to work without pay is a violation of policy that may subject the supervisor to discipline.

- **Remember the Volunteer Service Rule of Three** — “True” volunteers are those who: (1) work toward public service, religious, or humanitarian objectives; (2) do not expect or receive compensation for services; and (3) do not displace any genuine employees.

Can We Pay Our Volunteers?!

Many nonprofit organizations offer some monetary benefit to their volunteers, such as stipends, reimbursement for out of pocket expenses, discounts on services, and so forth. “Bona fide” volunteers are those whose compensation is limited to reimbursement for expenses, reasonable benefits and/or nominal fees for services.

There are at least two key issues that arise when volunteers receive payment or benefits from the nonprofit organizations they serve. The first issue is whether the payments or benefits are taxable compensation. The second issue is whether payments to a volunteer jeopardize the worker’s volunteer status.

Taxation of Benefits Provided to Volunteers

In general, a nonprofit employer must treat payments to volunteers the same as payments to employees, which means that income tax and FICA contributions must be withheld. (See 26 U.S.C. § 3402). Living allowances, stipends and in-kind benefits should generally be treated like wages.

Inexpensive items (e.g., a coffee cup, t-shirt, or admission to an event where the volunteer is representing the organization) may be excluded from reportable, taxable income as *de minimis* fringe benefits (See Internal Revenue Code section 132(a)(4). Additional examples include holiday gifts, light refreshments, occasional personal use of the nonprofit’s office equipment, occasional tickets for entertainment events, and personal use of a cell phone provided primarily for the nonprofit’s business. The more expensive the item or the more frequent its use, the less likely it is to qualify as *de minimis* benefit. Keep in mind that a *de minimis* fringe benefit should never be a form of disguised compensation. But, except as specifically provided (i.e., occasional meal money or local transportation fare and reimbursements for public transit passes), a cash fringe benefit (including a gift card) is not excludable as a *de minimis* fringe benefit. See Regulations §1.132-6(c). For more information on cell phones as taxable benefits, visit: http://www.irs.gov/irb/2011-38_IRB/ar07.html.

In-kind benefits that do not qualify for a tax exemption must be assigned a dollar value for tax purposes. Your nonprofit is responsible for determining the fair market value of the goods it distributes to volunteers and for withholding the tax from a volunteer’s stipend or other income provided. Generally, the fair market value of a benefit is the amount an individual would have to pay for the item at a local store or

restaurant. Reimbursements to volunteers are taxable to the same extent as reimbursements to employees. Only if the expense qualifies as a tax deduction for an employee does the volunteer also avoid tax liability. Thus, reimbursement for a volunteer's purchase of a uniform, required for program participation, would not be considered part of taxable income.

Jeopardizing Volunteer Status

A second issue is whether the payment of a fee, stipend or valuable benefits jeopardizes the legal status of a volunteer. The unwitting conversion of a volunteer to employee status has potential negative consequences for the employer as well as the volunteer. In contrast with their volunteer counterparts, employees are subject to various forms of legal protection, such as the guarantee of a minimum wage under the federal and state wage and hour laws, and protection from illegal discrimination under Title VII. Nonprofit employers should therefore proceed with care when determining the benefits that will be provided to volunteer workers.

Short of changing a volunteer's status to that of employee, payments to volunteers can also lead to a *loss* of legal protection for the volunteer. The Volunteer Protection Act specifically protects a volunteer who: (1) performs services; (2) for a nonprofit organization or governmental entity; and (3) either (a) receives no compensation (although reasonable reimbursement for expenses incurred is allowed), or (b) does not receive anything of value in lieu of compensation in excess of \$500 per year. Therefore a "volunteer" who receives a stipend of \$50 per month, or \$600 annually, is *not protected* under the VPA.

What is Nominal Compensation?

While there is no clear-cut guidance on what constitutes "nominal compensation" to a volunteer, 29 C.F.R. § 553.106(e) provides that "a fee is not nominal if it is a substitute for compensation or tied to productivity." In addition, Section 553.106(f) of FLSA regulations provides that "determining whether the expenses, benefits, or fees would preclude an individual from qualifying as a volunteer under the FLSA requires examining the total amount of payments in the context of the economic realities of a particular situation." DOL's Wage and Hour Division presumes that fees paid to volunteers are nominal as long as the fee does not exceed twenty percent of what an employer would otherwise pay to hire a full-time employee for the same services. See Wage and Hour Opinion Letters [FLSA2006-28](#) (Aug. 7, 2006) and FLSA2005-51.

In a wage and hour case involving a volunteer school golf coach (who also served as a paid safety and security assistant for the same school system), both a U.S. District Court and the 4th Circuit Court of Appeals found that the coaching role was properly classified as a volunteer position. In its ruling the District Court held that the coaching role was different from the plaintiff's paid position, and that a stipend of \$2,114 was nominal. The 4th Circuit Court also appeared to be swayed by the

plaintiff's decision to choose the volunteer coaching role over a part-time paid position due to the satisfaction he derived from his volunteer role. (Source: *Purdham v. Fairfax County School Board*, 4th Cir., No. 10-1048, March 10, 2011.)

Risk Management Tips

- **Proceed with Care When Paying Volunteers** — Remember that the definition of volunteer is grounded in the idea of service without contemplation of pay. Keep in mind that paying your volunteers “a little something” could have negative consequences for your nonprofit (e.g., exposure to wage and hour claims, extension of protection under civil rights laws, etc.) and negative consequences to your volunteers (e.g., loss of protection under the Volunteer Protection Act).
- **Never Offer Benefits Tied to Hours of Work** — Paying volunteers in accordance with their hours of work may be regarded as a “substitute for compensation” and inadvertently convert volunteers to employees. A key factor in determining whether payments to a volunteer are a substitute for compensation is “whether the amount of the fee varies as the particular individual spends more or less time engaged in the volunteer activities.” (See Wage and Hour Opinion Letter FLSA 2005-51).
- **Never Base Classification Solely on the Nonprofit’s Ability to Pay**— The classification of a position as a volunteer role versus a paid employee role in a nonprofit should be based on a number of factors, and never solely on whether funds are available to pay the worker. Generally, volunteer roles are those that:
 - do not require the worker to follow a consistent, full-time schedule;
 - are required on an “as needed” basis throughout the year, versus a fixed number of hours on a regular basis;
 - vary depending on the programs and services of the nonprofit (e.g., special events, seasonal work, etc.); and
 - are dissimilar in scope, requirements and expectations from paid positions in the organization.

Melanie Lockwood Herman is Executive Director of the Nonprofit Risk Management Center. She welcomes your feedback on this article and questions about NRMC resources at Melanie@nonprofitrisk.org or 703.777.3504.

Nonprofits Replacing Staff With Volunteers

The pros and cons of cutting paid staff positions

BY

JOANNE FRITZ

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It is very tempting in tough times to cut paid staff positions and turn those positions into volunteer ones. Using volunteers to perform tasks or jobs that might otherwise be done by paid staff—often called job substitution—should only be part of an overall strategy for reducing costs during hard times.

But is it right? Does it work? What are the pitfalls or benefits? Here are some tips for doing it right:

Don't Lay Off Staff Intending to Substitute a Volunteer

If you lay off paid staff to bring on a volunteer you could cause problems for yourself. Such action is bound to cause other paid staff to fear for their positions and to resent and resist working with volunteers, fearing they might take their jobs.

However, when there is natural attrition or a general reorganization, use that opportunity to rethink how your organization is set up. Think about how you might reconfigure jobs so that some duties could be done by [volunteers](#).

For instance, you have just promoted your receptionist to an administrative assistant position working with the development director. This leaves the receptionist job open. Perhaps a volunteer could cover those duties.

Some organizations may opt to limit the hours they are open to the public to five per day (10 a.m.- 3 p.m.) and use volunteers to handle the front desk. They have a different volunteer each day. That volunteer answers the phone, greets visitors, and performs an assortment of well-defined and documented clerical duties. At the end of the day, the

volunteer uses a form to summarize the important things that occurred that day and any problems that may need to be resolved by the following day's volunteer.

This approach may work for an organization that has most of the bugs worked out, and if the [volunteers are happy](#) and loyal. Also, you would need enough trained volunteers to have a couple of additional volunteers in the office who take care of other office tasks, helping the organization even more.

Don't Use Volunteers for the Routine Tasks

Many volunteers are happy to do clerical work, get mailings out of the door, or run errands. However, whenever there is a task that your staff would really like to do but don't have the time to undertake, think about using a volunteer.

A volunteer could act as a volunteer coordinator, help write grants or research grant resources. They can be responsible for a [newsletter](#), train other volunteers or even the staff, plan and implement special events, or a host of other things. Think creatively and look for volunteers that have special talents or experience.

Consider Finding and Using "Skilled" Volunteers

Skilled volunteers are usually specialists in those areas that a nonprofit is not. Such areas include finance, human resources, and marketing. These skilled volunteers are often employees at corporations. As part of their employer's [corporate social responsibility](#) program, they are given time by their corporations to spend time working with nonprofits.

There are also skilled volunteers in between jobs who might be very interested in keeping their skills sharp and adding to their resumes.

Skilled volunteers cannot replace staff, but they can replace expensive outsourcing and outside consultants. They can help you reorganize, conduct an organizational audit, develop that data needed to help the board make organizational decisions, find ways to

save money on essential services or help staff focus on what is most important in their jobs.

Many nonprofits don't use skilled volunteers—also called pro bono work—as often as they should. Ask your local corporate foundations if they have a skilled volunteer program, or apply for a pro bono grant through the Taproot Foundation.

The [Corporation for National & Community Service](#) has a toolkit to help nonprofits get ready to use skills-based volunteers. You can also post your openings for volunteers with professional skills at Catchafire, an online matching service.

Don't Tolerate a Caste System in Your Office

In some nonprofit offices, there are paid managers or staff who go out to lunch daily, while the clerical staff and volunteers ate egg salad sandwiches in the break room, meanwhile holding down the fort until the managers returned. What a way to make clerical staff and volunteers feel like second-class citizens. Find ways to be inclusive and make everyone feel that they are vital to something very important.

Act Quickly When They Show Interest

Volunteers have lots of opportunities in many organizations. Act quickly when they show an interest in yours, or they will go somewhere else. It is common for potential volunteers to receive poor vetting by nonprofit organizations. Either the [volunteer manager](#) is tone-deaf to what the volunteer says about their amount of time available (feeling overwhelmed is as frequent a reason for volunteer flight as feeling underutilized), or the volunteer receives a superficial interview that does not uncover abilities and experiences that could be clues to settling the volunteer into a rewarding situation.

Keep an Open Mind

Yes, you might have a list of basic roles that you are always shopping for, but when your interview reveals other possibilities, don't be bound by precedent and rules. Don't

hesitate to create a volunteer job that fits that particular person, their talents, and interests. You might be able to relieve a paid staff member of some task and shift it to a volunteer. That should allow your paid staff the time to spend time on other pressing duties. It should never, however, expose a paid staff person to possible job loss.

The bottom line is that it is to no one's benefit to cut costs by deliberately cutting staff and replacing them with volunteers, but there may be creative ways to enable volunteers to fill some roles if you do it wisely.

Is Your Volunteer Really an Employee? The Answer Might Surprise You

By [Franczek Radelet](#) on February 3, 2015

In our [last post](#), we looked at the rules governing volunteers at for-profit entities. As we discussed, for-profit organizations have almost no latitude to accept volunteer services. However, nonprofit employers face a more relaxed regulatory scheme under the FLSA when it comes to volunteers. Unlike their for-profit brethren, nonprofit employers can accept volunteer services without running afoul of the FLSA's minimum wage and overtime requirements. The FLSA regulations contain an exception for individuals who undertake volunteer activities for their own "personal, civic, charitable, humanitarian, religious, or public service reasons."

To this end, the DOL has recognized that "ordinary volunteerism" to religious, charitable, and nonprofit organizations and schools does not create an employment relationship. Truly volunteer services come without the expectation of compensation in cash or in-kind benefits and are given freely without coercion. In addition to ensuring that individuals are truly volunteering, the DOL and federal courts look to:

1. The nature of the entity receiving the services
2. The character of the services themselves
3. The amount of control the employer exerts over the volunteer
4. Compensation or benefits provided to the individual, or that the individual expects
5. Whether the volunteer work displaces paid work by regular employees

The first factor examines what the volunteers do. For instance, "volunteers" who operate a nonprofit's business selling goods or services to the public, such as a resale shop or a restaurant may not qualify as volunteers because of their direct participation in commerce. The DOL and courts are more likely to find individuals in a non-sales role, such as docents providing information at a nonprofit hospital or servers passing out free food at a homeless shelter, to be volunteers.

For the same reason, a person who already performs the same or related services for a nonprofit on a *paid* basis cannot perform those services on a *volunteer* basis at any time, whether during or outside regular working hours. Similarly, a person who receives significant gifts or monetary stipends to perform work (even if less than minimum wage) is more likely to be an employee than a volunteer.

Just as with independent contractors, the third factor looks to the amount of control an employer exerts over a volunteer. A nonprofit that gives a worker [a part-time schedule with no set hours](#) can more easily establish that the person is a volunteer, all other things being equal. The DOL and courts are more likely to find a nonprofit that gives a “volunteer” regularly scheduled, full-time hours or that requires “volunteers” to get approval to change or miss shifts has employees, not volunteers. In general, the DOL’s past FLSA decisions have held that the [more restrictions nonprofit employers put on volunteers](#), the more likely those employees would be deemed employees.

The flipside of restrictions is benefits, and both of the last two factors work the way you would expect. First, nonprofit volunteers should be just that—volunteers of their time without payment. Nonprofits that pay employees regular and significant amounts, whether described as wages, barter, stipends, allowances or something else make volunteers look more like employees, even if the payments amount to less than minimum wage.

Finally, a paid employee can never provide the same or similar services to a nonprofit as a volunteer, regardless of whether the “volunteer” services come during regular working hours or outside of them. Similarly, a “volunteer” cannot provide the same or similar services to your nonprofit organization as your regular employees do: those volunteers are simply employees.

As we said in our last post, no single factor is determinative here. The unique facts of your situation weighed against the factors above will determine the outcome. Whenever you consider taking on a volunteer, consider all of the circumstances before accepting their services and get some good wage and hour legal advice first!