



# City of Harrisonburg APPLICATION FOR TAX EXEMPTION

FOR OFFICE USE ONLY:
PAYMENT AMOUNT: _____
RECEIVED ON: _____
CHECK NUMBER: _____

The information requested on this application must be filled out completely and returned to the City Manager's office on or before January 30. Include a \$50 application fee made payable to City of Harrisonburg.

Please attach a copy of your current (1) 501(c)(3) certificate; (2) By-Laws; (3) Articles of Incorporation; (4) most recent financial statement (audited, if available); (5) most recently filed IRS Form 990 or 990EZ.

ORGANIZATION NAME: HARRISONBURG GIFT + THRIFT SHOP INC Reviewed By  
COR KDR

MAILING ADDRESS: 731 MT CLINTON PIKE Treasurer *JK*  
HARRISONBURG VA 22802 Finance *W*

CONTACT PERSON AND PHONE: KEVIN YODER 540 560 1571

Type of property for which request is made (circle applicable) **PERSONAL PROPERTY** P1010254  
REAL ESTATE

If requesting a personal property exemption, please attach a detailed itemized listing of the specific item(s) for which the exemption is sought.

*61912*  
*for new addition & new freightliner*

If requesting a real estate exemption, complete the following on each parcel for which exemption is sought:

Name in which property is held HARRISONBURG GIFT + THRIFT SHOP INC

Property address 731 MT CLINTON PIKE

Map identification number 47 M 3T

Taxes paid for the preceding three (3) years 12,871.55 0 0

*New addition*

Name in which property is held \_\_\_\_\_

Property address \_\_\_\_\_

Map identification number \_\_\_\_\_

Taxes paid for the preceding three (3) years \_\_\_\_\_

Name in which property is held \_\_\_\_\_

Property address \_\_\_\_\_

Map identification number \_\_\_\_\_

Taxes paid for the preceding three (3) years \_\_\_\_\_

Booksavers

If requesting a personal property exemption, complete the following for each account for which exemption is sought:

Name assessed HARRISONBURG GIFT + THRIFT SHOP INC

Account number 66119 46871 / 46870 & 66119

Asset type and location address 731 MT CLINTON PIKE

Taxes paid for the preceding three (3) years 2018 292.56

Name assessed \_\_\_\_\_

Account number \_\_\_\_\_

Asset type and location address \_\_\_\_\_

Taxes paid for the preceding three (3) years \_\_\_\_\_

PP in new addition

Freightliner purchased in 2018

Please complete the following questions as referenced in City Ordinance 4-2-17 (copy enclosed) and Code of Virginia § 58.1-3651.

- Do you currently own property in the City that is already tax-exempt?  
 Yes     No    Real Estate    Personal Prop  
 If yes, what is the property Map ID #? 47 M 3  
 On what date was the exemption granted? 2007  
 How/By whom was the exemption granted? City Council
- Does the organization have any rule, regulation, policy, or practice that unlawfully discriminates on the basis of religious conviction, race, color, sex, or national origin?     Yes     No
- Does the organization hold a current annual alcoholic beverage license from the Virginia Alcoholic Beverage Control Board for serving alcoholic beverages on the property? If yes, please attach a copy.  
 Yes     No
- What compensation is paid to each director, officer, and employee of the organization?  
LIST ATTACHED
- What services does each director, officer, and employee render?  
LIST ATTACHED

6. Does any part of the net earnings of the organization benefit any individual? If so, please explain.

NO

7. What percentage of the services provided by this organization is generated by funds received from donations, contributions, or local, state, or federal grants or funds? For purposes of this question, donation may include the providing of personal services or the contribution of in-kind or other material services. 100 %

8. What specific services does the organization provide for the common good of the public?

Gift + Thrift accepts donations of gently used items for resale to the community. This helps to decrease the amount of items that go into the landfill, offers the community a place to purchase items at an affordable price, and proceeds are forwarded to Mennonite Central Committee to fund relief and development projects.

9. What percentage of the activities of the organization involves carrying on propaganda or otherwise attempting to influence legislation?

NONE

10. Does the organization participate or intervene in any political campaign on behalf of any candidate for public office?

           Yes        ✓   No

I, C. KEVIN YODER (printed name), do hereby certify that the information provided and/or attached to this Application for Tax Exemption, is true and accurate, to the best of my knowledge. I acknowledge that knowingly providing false information will result in criminal charges pursuant to Code of Virginia § 58.1-11. I acknowledge that the organization I represent may be subjected to audit by the Commissioner of the Revenue, or an appointed employee of the Commissioner of the Revenue, to ensure that all information provided is true and correct.

CKY  
Signature

\_\_\_\_\_  
Date

CONTROLLER  
Title

\_\_\_\_\_  
Notary

My commission expires: \_\_\_\_\_

Internal Revenue Service  
District Director

31 HOPKINS PLAZA  
BALTIMORE, MD 21201

Department of the Treasury

Date: A. 0 1983

HARRISONBURG GIFT AND THRIFT SHOP  
INC  
227 NORTH MAIN STREET  
HARRISONBURG, VA 22901

Employer Identification Number:  
54-1471769

Contact Person:  
MR. TRACEY BOWERS

Contact Telephone Number:  
(301) 962-9504

Accounting Period Ending:  
December 31

Form 990 Required:  
No

Addendum Applies:  
Yes

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from Federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

We have further determined that you are not a private foundation within the meaning of section 509(a) of the Code, because you are an organization described in sections 509(a)(1) and 170(b)(1)(A)(i).

If your sources of support, or your purposes, character, or method of operation change, please let us know so we can consider the effect of the change on your exempt status and foundation status. In the case of an amendment to your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, you should inform us of all changes in your name or address.

As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. This does not apply, however, if you make or have made a timely election under section 3121(w) of the Code to be exempt from such tax. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Since you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other Federal excise taxes. If you have any questions about excise, employment, or other Federal taxes, please let us know.

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of Code sections 2055, 2106, and 2522.

Contribution deductions are allowable to donors only to the extent that

Letter 947(DO/CG)

HARRISONBURG GIFT AND THRIFT SHOP

their contributions are gifts with no consideration received. Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as deductible contributions, depending on the circumstances. See Revenue Ruling 67-246, published in Cumulative Bulletin 1967-2, on page 104, which sets forth guidelines regarding the deductibility, as charitable contributions, of payments made by taxpayers for admission to or other participation in fundraising activities for charity.

In the heading of this letter we have indicated whether you must file Form 990, Return of Organization Exempt From Income Tax. If Yes is indicated, you are required to file Form 990 only if your gross receipts each year are normally more than \$25,000. However, if you receive a Form 990 package in the mail, please file the return even if you do not exceed the gross receipts test. If you are not required to file, simply attach the label provided, check the box in the heading to indicate that your annual gross receipts are normally \$25,000 or less, and sign the return.

If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$10 a day is charged when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty charged cannot exceed \$5,000 or 5 percent of your gross receipts for the year, whichever is less. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it.

You are not required to file Federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, a number will be assigned to you and you will be advised of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

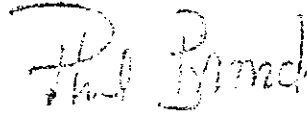
If we have indicated in the heading of this letter that an addendum applies, the enclosed addendum is an integral part of this letter.

Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

HARRISONBURG GIFT AND THRIFT SHOP

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Paul Bond".

District Director

**HANDBOOK**

**HARRISONBURG GIFT & THRIFT SHOP, INC.**

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## **HARRISONBURG GIFT & THRIFT SHOP, INC.**

### **I. ORGANIZATION**

#### **A. Mission statement**

Harrisonburg Gift & Thrift Shop, Inc. is a nonprofit organization. We are committed to Christian faith in action, offering a friendly, caring presence in the community while addressing the stewardship of our environment and supporting the primary goals of Mennonite Central Committee.

#### **B. Kinds of Shops**

Harrisonburg Gift & Thrift Shop, Inc. consists of three independent and cooperating divisions:

- i. Gift & Thrift accepts donations of clothing, household goods, and furniture that are processed for sale to the general public, or recycled.
- ii. Booksavers of Virginia accepts donations of books, audiovisuals, and educational materials that are processed and sold or recycled.
- iii. Artisans' Hope buys and markets fairly traded handicrafts and food items to provide a living wage for unemployed or underemployed persons around the world.

#### **C. Mennonite Central Committee**

##### **i. Purpose and vision**

1. Mennonite Central Committee (MCC), a worldwide ministry of Anabaptist churches, shares God's love and compassion for all in the name of Christ by responding to basic human needs and working for peace and justice. MCC envisions communities worldwide in right relationship with God, one another and creation.

### **II. HISTORY**

The original **Articles of Incorporation** and **Tax Exemption** documents are available in the **Handbook Master File**, which shall be maintained by the board and stored on site.



**III. GOVERNANCE**  
**A. BYLAWS**

**ARTICLE I - INTRODUCTION**

- 1.1 **Definition.** This document recognizes the original code of rules adopted by the Sponsor Churches August 23, 1982, with a restatement approved November 5, 1984. At that time the "Bylaws" were renamed "Constitution and Bylaws" for clarification purposes only. The "Articles of Incorporation" were granted July 18, 1988, for the HARRISONBURG GIFT AND THRIFT, INC. (hereafter referred to as HGTI) that gives recognition to ten Mennonite congregations in the area as the initial sponsor churches. It further states that "all affairs of the Corporation shall be regulated and directed by a board of directors with the number of directors increased or decreased by a change in the number of sponsor churches or by change in the Bylaws of the Corporation."
- 1.2 **Purposes.** HGTI gives witness to the Christian faith by operating shops that market fairly traded handicrafts, and accepts donated items for resale or recycling to support the Mennonite Central Committee (MCC) in achieving its mission.

The organization consists of three independent and cooperating divisions. Gift & Thrift accepts donations of clothing, household goods, and furniture that are processed for sale to the general public, or recycled. Booksavers of Virginia accepts donations of books, audiovisuals, and educational materials that are processed and sold or recycled. Artisans' Hope buys and markets fairly traded handicrafts and food items to provide a living wage for unemployed or underemployed persons around the world. The business name for the corporation and its divisions shall be approved by the board of directors.

HGTI may receive and accept property whether real, personal or mixed by way of gift, bequest or devise from any person, firm, trust or corporation. The organization shall then sell all appropriate items, and pay reasonable operating expenses using unpaid volunteers as much as possible. Net proceeds shall be distributed to MCC in accordance with a signed memo of understanding between HGTI and MCC, a Pennsylvania non-profit corporation, organized under Section 501 (c) (3) of the Internal Revenue Code with offices in Akron, Pennsylvania. No part of the net earnings of the organization shall inure to the benefit of or be distributed to its members, trustees, officers or to other private persons, except that the organization shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in its BYLAWS. No substantial part of the activities of the organization shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the organization shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public offices. Notwithstanding any other provisions of the BYLAWS, the organization shall not carry on any other activities not permitted to be carried on by an organization exempt from federal income tax under Section 501 (c) (3) of the Internal

Revenue code, or corresponding section of any future federal tax code or by an organization's contributions of which are deductible under Section 170 (c) (2) of the Internal Revenue code, or corresponding section of any future federal tax code. The corporation will therefore operate without profit, with no part of its net earnings or assets to be distributed as a dividend to, or for the benefit of any private individual.

## ARTICLE II - OFFICES

- 2.1 **Principal office.** The principal office of the corporation in the state of Virginia will be located in the city of Harrisonburg or Rockingham County at such a place as may be determined from time to time by the board of directors.
- 2.2 **Location of business.** The primary location of HGTI will be 731 Mt. Clinton Pike, Harrisonburg, VA 22802.

## ARTICLE III - MEMBERSHIP

- 3.1 **Sponsor churches.** Churches that are willing to work together for the purpose of the corporation and Mennonite Central Committee may become a sponsor church by appointing a representative to the board of directors. In addition to the appointment of a representative on the board of directors each congregation shall take responsibility to keep its membership duly informed of the operation of HGTI and give financial support for expansion of facilities and provide volunteers to carry out the program. The corporation shall prepare a newsletter to be distributed to sponsor churches and ask its representatives to give occasional oral/written reports.
- 3.2 **Meeting of members.** An annual meeting of the members from sponsoring churches shall be held during the month of April of each year at a time and location selected by the board of directors. The annual meeting shall be a time to inform the membership of the program and financial activity of HGTI. All persons on the board of directors and staff employees should be recognized. Appropriate appreciation should be given to all persons serving as volunteers for the past year.

## ARTICLE IV - BOARD OF DIRECTORS

- 4.1 **Management of the corporation.** The activities, property, and affairs of the Corporation shall be managed by a board of directors. The board may exercise all such powers of the corporation and do all such lawful acts and things as are not prohibited by statute, the Articles of Incorporation of the organization, or these BYLAWS.
- 4.2 **Number, appointment, qualification, term of office.** The board of directors shall consist of not fewer than twelve (12) nor more than twenty (20) directors. Each director may hold office for a three-year term beginning

immediately following his/her appointment, and shall be eligible to serve three consecutive terms pending sponsoring church and board approval.

- 4.3 **Removal, vacancies.** Any director may be removed from office, either for or without cause, by the affirmation vote of a majority of the number of directors fixed by, or in accordance with these BYLAWS. If the position of any member of the board of directors should become vacant whether by reason of death, resignation, or disqualification, such vacancy to complete an unexpired term shall be filled by a majority vote of all the directors then in office. The completion of an unexpired term shall not count toward the term limitations as set forth in 4.2.
- 4.4 **Place of meeting.** Meetings of the board of directors shall be held at such places, within or without the state of Virginia, as determined by the board of directors and communicated to all directors, or as may be specified in the respective notices or waivers of notice of such meetings.
- 4.5 **Annual board meetings.** Immediately or within thirty days following the annual meeting of the members, an annual meeting of the board of directors will be held at such place as determined by the board of directors and communicated to all directors. Such annual meetings will include the election of officers and the transaction of such other business as may properly be brought before such meetings.
- 4.6 **Regular meetings.** Regular meetings of the board of directors, of which no notice will be necessary, may be held at such times and places as are determined from time to time by affirmative vote of a majority of the board of directors and communicated to all directors. Except as otherwise provided by statute, the Articles of Incorporation of the organization, or these BYLAWS, any and all business may be transacted at any regular meeting, and neither the purpose of, nor the business to be transacted at any regular meeting need be specified in any notice or waiver of notice of such meeting. The president in consultation with the general manager will prepare the agenda.
- 4.7 **Special meetings.** Special meetings of the board of directors may be called by the president. Notice stating the place, date, and time of each special meeting of the board of directors will be given to each director, no less than three (3) days before the date of such meeting. Special meetings shall be called by the president in like manner and on like notice on the written request of two (2) or more directors.
- 4.8 **Voting Rights.** Each member of the board of directors is entitled to one vote on each matter submitted to a vote of members including the officers of the board.
- 4.9 **Quorum and manner of acting.** At all meetings of the board of directors, the presence of fifty percent (50%) of the number of directors will be necessary and sufficient to constitute a quorum for the transaction of business. A simple majority by the members present at a meeting with a quorum is necessary to take an action.

- 4.10 **Electronic Voting.** In order for the board to act on pertinent issues where time is of the essence for decision making long before the next regularly scheduled board meeting and without calling the Executive Committee, voting electronically may be permitted. The issue shall be explained in a detailed email listing the pros and cons of the issue, the consequences of the issue if it passes vs. if it fails, and forwarded to all board members electronically. Board members shall have a minimum of 5 days to respond with their vote electronically by "replying to all". For approval, 50% of the board members (not just those responding) must respond favorably. If two or more board members challenge the issue, or request additional discussion, then a special board meeting shall be called by the president to discuss the issue and take appropriate action or tabled until the next meeting.
- 4.11 **Compensation of directors.** No director will receive compensation for his or her services as a director or as a member of a standing or special committee of the board of directors. Nothing in these BYLAWS shall be construed to preclude any director from receiving reimbursement for reasonable expenses properly incurred by such director on behalf of the corporation or in attending meetings of the board of directors or any committee thereof or from serving the corporation in any other capacity and receiving compensation therefore.

#### ARTICLE V - OFFICERS

- 5.1 **Principal Officers.** The principal officers of the corporation will be a president, a vice president, a secretary, and a treasurer. The principal officers may, but need not, be directors of the corporation.
- 5.2 **Other officers.** A staff person may be designated as a non-voting officer for the corporation with responsibilities designated by the Board of directors.
- 5.3 **Election of officers.** All officers, except the staff person, shall be elected by the board of directors at its annual meeting. A slate will be provided for review by the Nominating Committee at least one board meeting prior to the election.
- 5.4 **Terms of office, removal, vacancies.** Each elected officer of the corporation shall serve a one-year term. The terms of the president shall not exceed five years being exclusive of previous board membership. In event of death, resignation, or removal of any officer before the term is fulfilled the full board of directors will make an appointment to fill the vacancy.
- 5.5 **President.** The president will be the chief executive officer of the corporation and have general supervision of the activities and affairs of the corporation. Subject to any limitations expressly provided by statute, the Article of Incorporation of the corporation, or by these BYLAWS the president will have general authority to execute bonds, deeds, contracts, and other instruments and documents in the name and on behalf of the corporation and to affix the corporate seal thereto; and in general, to exercise all the powers usually appertaining to the office of the president of a non-profit corporation. The president will preside when present at meetings of the board of directors. In the

event of the absence or disability of the president, his or her duties will be performed and his or her powers may be exercised, unless otherwise determined by the president or the board of directors, by the vice president.

- 5.6 **Vice president.** The vice president will assist the president and will exercise such powers and perform duties as assigned by the president or the board of directors.
- 5.7 **Secretary.** The secretary will keep a recording of all meetings of the board of directors and the executive committee, handles official correspondence and performs such other tasks as assigned by the officers, board of directors and executive committee.
- 5.8 **Treasurer.** The treasurer will be the chief accounting and financial officer of the corporation and will have active control of and will be responsible for all matters pertaining to the accounts and finances of the corporation. The treasurer will generally perform all duties usually appertaining to the office of the treasurer of a non-profit corporation. In the absence or disability of the treasurer, his or her powers may be exercised, and his or her duties performed by a person appointed by the board of directors.
- 5.9 **General Manager.** The general manager shall administer the program of the corporation according to the policies that are approved by the board of directors. The personnel committee shall maintain a current job description of duties for this staff position.
- 5.10 **Additional powers and duties.** In addition to the foregoing expressly enumerated duties, services and powers, the officers of the corporation will exercise such further powers and perform such other duties as may be provided by the Articles of Incorporation of the organization or these BYLAWS, or as the board of directors may from time to time determine.

## ARTICLE VI - COMMITTEES

- 6.1 **Standing committees.** This corporation shall have five standing committees: Finance, Personnel, Program, Outreach and Nominating. Each of the committees shall have at least three (3) members chosen from the board. Additional non-board persons may be added if additional expertise is needed for committee functions. Each of the standing committees shall be chaired by a director with the chairpersons serving as members of the executive committee. Each committee member shall serve a one-year term. Each committee shall report directly to the board of directors. When policy changes or major decisions are considered the committee shall bring written, clearly defined recommendations to the board for acceptance.
- 6.2 **Finance committee.** This committee shall work with the treasurer to oversee the financial matters of the organization. They shall study and recommend the salary and benefit packages annually, keep aware of operating and capital

expenditures and make proposals as needed. They shall maintain policies established by the board regarding financial matters. They shall prepare an annual budget and recommend it to the board for approval.

- 6.3 **Personnel committee.** This committee shall recommend the employment of a general manager and relate to her/him to assess performance, needs and relationships. This committee shall work with the general manager to advise and assist in maintaining a strong staff of managers for each of the three divisions so that the business may remain strong and provide a healthy environment for volunteers and customers.
- 6.4 **Program committee.** This committee shall maintain awareness of the ongoing business and activities of the organization to determine if the stated mission is being followed. They shall review the Handbook periodically to determine whether current policies are working and bring proposals for change to the board. They shall work with the general manager to evaluate the functioning of the business and suggest changes as necessary. They may consult MCC resources for suggestions and assistance.
- 6.5 **Outreach committee.** This committee shall keep abreast of needs and changes in the local community which may suggest changes in the way HGTT currently operates. They shall relate to key community leaders, maintain relationship with Chamber of Commerce, and gain awareness of what similar shops in the area are doing. The committee should work to enhance HGTT's visibility and effective service to the community. They shall make use of MCC resources to insure that the organization is performing according to proper procedure and gain additional ideas in the area of marketing.
- 6.6 **Nominating committee.** The nominating committee shall consist of at least three (3) persons appointed by the board to prepare a recommendation for the election of officers, and appointment of board members at-large in the annual meeting. The slate shall be presented to the board for its review at least one meeting prior to the annual meeting. The committee shall advise sponsor churches concerning the appointment of their representatives.
- 6.7 **Construction Committee.** This committee shall be organized and function during the planning and construction phases of any HGTT building or remodeling projects. Non-board members may be appointed as members of this committee; however the chairperson must be a board member. This committee need not be a standing committee.
- 6.8 **Executive committee.** This committee shall be composed of the officers and the chairpersons of the standing committees. The president shall serve as committee chairperson. This committee shall meet only when needed as determined for an agenda prepared jointly by the president and the general manager. It shall consider those issues that arise between regular meetings of the board of directors along with those items that have major importance and cannot readily be placed into one of the standing committees' area of concern. The minutes of the committee will be reviewed and approved by the board of directors.

- 6.9 **Other committees.** The board of directors may appoint ad hoc committees for particular purposes from time to time as may be needed. Non-board members may be appointed as members of these committees; however the chairperson of each shall be a board member.
- 6.10 **Chairpersons.** Each standing committee shall have a chairperson chosen by the president and affirmed by the board of directors. The president shall coordinate the appointment of committee members in consultation with committee chairpersons.
- 6.11 **Records.** Each standing committee will keep a summary record of its acts and proceedings and report the same to the board of directors from time to time.

#### ARTICLE VII - MISCELLANEOUS PROVISIONS

- 7.1 **Fiscal year.** The fiscal year of the corporation shall be determined by the board of directors.
- 7.2 **Relation to Sponsor Churches and Mennonite Central Committee.** The board of directors or its staff shall not assume any legal obligations that would bind the sponsor churches. Additionally, the sponsor churches are not the agents of Mennonite Central Committee in any way.

The board of directors or its staff shall not assume any legal obligation that would bind Mennonite Central Committee nor are they an agent of Mennonite Central Committee in any respects whatsoever. Mennonite Central Committee is only a designated beneficiary.

If for any reason the corporation is dissolved, all funds, properties, and real estate shall become the property of Mennonite Central Committee, the same to be used in furthering its relief and charitable work, so long as the Mennonite Central Committee is an eligible 501(c)(3) organization at that time. In the event the Mennonite Central Committee is not an eligible 501(c)(3) organization, all funds, properties and real estates shall become the property of a non-profit organization with a similar purpose chosen by the directors which is an eligible 501(c)(3) qualified organization.

- 7.3 **Minutes and records.** The board of directors will keep complete minutes and records of accounts. All board minutes and records may be inspected by any member of the sponsor churches, or by MCC. Written reports shall be made to MCC as requested.
- 7.4 **Conflict of interest.** When an issue or a decision arises that is a matter of conflict of interest for a member of the board of directors or staff, two approaches may be considered. (1) After the item of conflict of interest has been disclosed or known to the board of directors, a decision may be made with an affirmative vote of a majority of the directors. (2) The person(s) having a



Gift and Thrift Handbook

possible conflict of interest may be asked to abstain from voting when the decision is finalized.

**ARTICLE VIII - AMENDMENTS**

- 8.1 These BYLAWS may be altered, amended, or repealed and may be adopted at any meeting of the directors by the affirmative vote of a majority of the directors, provided that such modification of BYLAWS shall become effective thirty (30) days after: (1) Written notice of the modification has been received and not objected to by the Sponsor Churches. (2) Written notice of the modification has been received and not objected to by MCC.

Initial adoption August 23, 1982

Amended November 5, 1984

Revision approved by full board on February 26, 2004

Article V, Section 5.5 revised and approved September 4, 2004

Article IV, Section 4.3 amended on December 8, 2009

Article IV, Section 4.2 amended on April 13, 2010

Article VI, Section 6.5 amended and approved July 2014

Article VI, Section 6.7 amended and approved July 2014

Article IV, Section 4.10 amended and approved October 2014

Article VI, Section 6.6 amended and approved April 2015

ARTICLES OF INCORPORATION

OF

HARRISONBURG GIFT AND THRIFT SHOP, INC.

I, the undersigned, a natural person of the age of twenty-one years or more, acting as the incorporator of a non-stock corporation under the provisions of Chapter 10 of Title 13.1 of the Code of Virginia, and to that end set forth the following:

FIRST: The name of the corporation (hereinafter called the "Corporation") is HARRISONBURG GIFT AND THRIFT SHOP, INC.

SECOND: The Corporation is organized and shall be operated exclusively for charitable purposes, which purposes shall include, but shall not be limited to, the following:

- A. To acquire and receive by gift, devise, bequeath, purchase or otherwise and to hold, manage and use property of all kinds, both real and personal, and stocks, securities, and obligations of other corporations, rents, issues and profits therefrom;
- B. To invest and reinvest moneys derived from any source whatsoever;
- C. To lease, sell, convey or to otherwise dispose of all or any of its property;
- D. To borrow money;
- E. To mortgage, pledge or otherwise encumber all or any of its property;
- F. To make gifts, grants, or loans of all or any part of the properties of the Corporation and/or income therefrom to promote the religious and charitable purposes of the Corporation.

G. To have all powers that may be conferred upon religious and charitable corporations formed under the Virginia Nonstock Corporation Act, and to do any and all things necessary to the accomplishment of the aforesaid purposes. However, except as an insubstantial part of its activities, this Corporation shall not carry on any activities which are not in furtherance of the exempt purposes of the organization as set forth herein. No part of the net earnings of the Corporation shall ever inure to the benefit of any private individual, and no substantial part of the activities of the Corporation shall be for carrying on of propaganda, or otherwise attempting to influence legislation, nor shall the Corporation participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office. The Corporation shall not engage in any activities which would result in its being characterized as an "action organization" as that term is defined in the Treasury Regulations promulgated under Section 501(c)(3) of the Internal Revenue Code of 1986. Furthermore, the Corporation's income for each taxable year must be distributed at such time and in such manner as not to subject the Corporation to tax under Section 4942 of the Internal Revenue Code. The Corporation is further prohibited from engaging in any act of self-dealing (as defined in Section 4941(d) of the Internal Revenue Code), from retaining any excess business holdings (as defined in Section 4943(c) of the Internal Revenue Code), from making any investments in such manner as to subject the Corporation to tax under Section 4944 of the Internal Revenue Code, and from making any taxable

expenditures (as defined in Section 4945(d) of the Internal Revenue Code). Any Internal Revenue Code Section referred to in these Articles shall also include any corresponding section of any future Federal Tax Code.

THIRD: The Corporation shall have no members.

FOURTH: All affairs of the Corporation shall be regulated and directed by a Board of Directors consisting of twelve members. This Board of Directors shall be a self-perpetuating body and the number thereof reflects one member selected by each of ten sponsor churches, plus two additional members at-large elected by the ten members elected by the sponsor churches. The number of directors may be increased or decreased by a change in the number of sponsor churches or by change in the bylaws of the corporation. Sponsor churches are as follows:

<u>NAMES</u>	<u>ADDRESSES</u>
Community Mennonite Church	298 Green Street Harrisonburg, VA 22801
Harrisonburg Mennonite Church	1552 South High Street Harrisonburg, VA 22801
Lindale Mennonite Church	P. O. Box 1082 Linville, VA 22834
Mt. Clinton Mennonite Church	Harrisonburg, VA 22801
Park View Mennonite Church	1600 College Avenue Harrisonburg, VA 22801
Trissels Mennonite Church	P. O. Box 215 Broadway, VA 22815
Valley View Mennonite Church	Criders, VA 22820
Weavers Mennonite Church	Harrisonburg, VA 22801
Zion Mennonite Church	Broadway, VA 22815
Zionhill Mennonite Church	Singers Glen, VA 22850

FIFTH: The Directors of the Corporation shall be elected to serve for one year or until their successor shall be elected and shall qualify. At the organizational meeting, and continuing at each annual meeting of the Corporation, the two at-large Directors shall be elected by those Directors then in office.

SIXTH: The address, including street and number, of its initial registered office is 92 North Liberty Street, P. O. Box 71, Harrisonburg, Virginia 22801-0071, and the name of its initial registered agent at said address is M. Steven Weaver. Said registered agent is a resident of Virginia and a member of the Virginia State Bar.

SEVENTH: The number of Directors, constituting the initial Board of Directors, is twelve, and the names and resident addresses, including street number, of the persons who are to serve as the initial Directors until the first Annual Meeting or until their successors are elected and qualified are:

<u>NAMES</u>	<u>ADDRESSES</u>
Marjorie Guengerich	1520 Hillcrest Ave. Harrisonburg, VA 22801
Harriet Steiner	Route 5, Box 80 Harrisonburg, VA 22801
Janice Miller	1251 Ivy Lane Harrisonburg, VA 22801
Mary Florence Shank	1606 Spruce Court Harrisonburg, VA 22801
Irene Showalter	Route 2, Box 61B Broadway, VA 22815
Vivian Coffman	Route 8, Box 95 Harrisonburg, VA 22801
Dorothy Kreider	460 Garbers Church Road Harrisonburg, VA 22801

Elaine Schaefer                      Route 1, Box 163B  
Linville, VA 22834

Lois Moyers                            Route 1, Box 339  
Bergton, VA 22811

Grace Seitz                            Route 4, Box 36  
Harrisonburg, VA 22801

Daniel Smucker                        Route 2, Box 543  
Harrisonburg, VA 22801

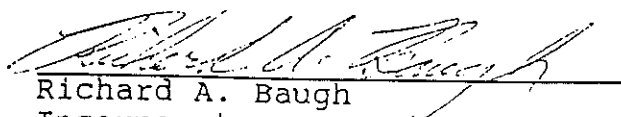
Daniel Suter                            102 Old 33  
Harrisonburg, VA 22801

EIGHTH: The duration of the Corporation shall be perpetual.

NINTH: The property, affairs, and business of the Corporation shall be managed by its Board of Directors: None of the property, funds or other assets of the Corporation, upon dissolution or otherwise, shall ever revert to or be distributed to its members, directors, or officers, or any of them either directly or indirectly, but in case of dissolution shall be distributed to an organized charity to be chosen by vote of the Directors of the Corporation, provided that such organization is exempted from Federal Taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or similar exemption statutes hereinafter enacted).

TENTH: The name and address, including street and number of the incorporator is Richard A. Baugh, 92 North Liberty Street, Post Office Box 71, Harrisonburg, Virginia 22801.

Dated: July 18, 1988

  
Richard A. Baugh  
Incorporator

COMMONWEALTH OF VIRGINIA

CITY OF HARRISONBURG

I, Tommy J Jordan, a Notary Public, hereby certify that on the 18<sup>th</sup> day of July, 1988, personally appeared before me Richard A. Baugh, who being by me first duly sworn, declared that he signed the foregoing document as Incorporator, and that the statements therein contained are true.

My commission expires: September 14, 1990

Tommy J Jordan  
NOTARY PUBLIC



**HARRISONBURG GIFT & THRIFT SHOP,  
INC.**

***FINANCIAL STATEMENTS***

***December 31, 2017***



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Harrisonburg Gift & Thrift Shop, Inc.  
To the Board of Directors  
Harrisonburg, VA

We have reviewed the accompanying financial statements of Harrisonburg Gift & Thrift Shop, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### **Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, with the exception of the matter described in the following paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### **Known Departure from Accounting Principles Generally Accepted in the United States of America**

As explained in Note B to the financial statements, the Organization does not recognize revenue or an asset for the fair value of inventory contributed to the Organization when received. In our opinion, omitting the value of contributed inventory from the financial statements is not in accordance with accounting principles generally accepted in the United States of America. The effects of this departure on the financial position, results of operations, and cash flows have not been determined.

*Martin, Beachy & Arehart, PLLC*

August 13, 2018  
Harrisonburg, Virginia

**HARRISONBURG GIFT & THRIFT SHOP, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2017**  
(See Independent Accountant's Review Report)

ASSETS

Current Assets	
Cash and cash equivalents	\$ 170,948
Accounts receivable	10,419
Inventory	50,977
Prepaid expenses	13,968
Total current assets	246,312
Property and equipment, at cost,	
Buildings	9,001,888
Computers	21,124
Equipment	27,310
Fixtures	20,121
Furnishings	9,550
Software	6,152
Vehicles	15,974
	9,102,119
Less accumulated depreciation	(1,263,874)
	7,838,245
TOTAL ASSETS	\$ 8,084,557

LIABILITIES AND NET ASSETS

LIABILITIES

Current Liabilities	
Current portion of long-term debt	\$ 141,838
Accounts payable	40,555
Accrued expenses	23,303
Other payables	69,868
Total Current Liabilities	275,564
Long-term debt	3,904,377
TOTAL LIABILITIES	4,179,941

NET ASSETS

Unrestricted	3,891,978
Temporarily restricted	12,638
TOTAL NET ASSETS	3,904,616
TOTAL LIABILITIES AND NET ASSETS	\$ 8,084,557

See accompanying notes to financial statements.

**HARRISONBURG GIFT & THRIFT SHOP, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2017**  
(See Independent Accountant's Review Report)

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Revenue and gains			
Sales of purchased and donated goods	\$ 1,464,067	\$ -	\$ 1,464,067
Cost of purchased goods sold and other direct expenses	(206,908)	-	(206,908)
	1,257,159	-	1,257,159
Rental income	150,921	-	150,921
Rental expenses			
Depreciation expense	(64,698)	-	(64,698)
Personnel	(25,394)	-	(25,394)
Repairs	(6,857)	-	(6,857)
Taxes	(4,881)	-	(4,881)
Interest	(1,384)	-	(1,384)
Insurance	(634)	-	(634)
Office	(391)	-	(391)
Security	(156)	-	(156)
	(104,395)	-	(104,395)
	46,526	-	46,526
Interest income	271	-	271
Total revenue and gains	1,303,956	-	1,303,956
Other support			
Contributions	502	1,556	2,058
Net assets released from restrictions	22,395	(22,395)	-
Total other support	22,897	(20,839)	2,058
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>1,326,853</b>	<b>(20,839)</b>	<b>1,306,014</b>
<b>EXPENSES</b>			
Program services	717,804	-	717,804
Management and general	149,020	-	149,020
Total expenses	866,824	-	866,824
<b>OPERATING INCOME</b>	<b>460,029</b>	<b>(20,839)</b>	<b>439,190</b>
Contributions to MCC	226,644	-	226,644
<b>CHANGE IN NET ASSETS</b>	<b>233,385</b>	<b>(20,839)</b>	<b>212,546</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>3,658,593</b>	<b>33,477</b>	<b>3,692,070</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 3,891,978</b>	<b>\$ 12,638</b>	<b>\$ 3,904,616</b>

See accompanying notes to financial statements.

**HARRISONBURG GIFT & THRIFT SHOP, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2017**  
(See Independent Accountant's Review Report)

	Program Services			Management and General	Total
	Thrift	Booksavers	Gift		
Personnel	\$ 271,791	\$ 135,391	\$ 46,670	\$ 91,531	\$ 545,383
Depreciation	35,311	14,875	17,608	3,322	71,116
Employee benefits	15,916	10,715	2,612	21,480	50,723
Payroll Taxes	20,085	10,196	3,510	6,448	40,239
Utilities	17,715	7,955	6,423	1,568	33,661
Advertising	19,599	3,573	8,536	-	31,708
Insurance	8,105	5,217	1,182	5,086	19,590
Retirement contributions	3,463	5,304	1,886	3,029	13,682
Repairs and maintenance	6,577	3,807	1,766	594	12,744
Supplies	6,183	3,472	353	-	10,008
Interest	4,576	-	4,576	27	9,178
Rent	2,745	3,692	-	-	6,437
Volunteer	-	-	-	-	-
Office	-	-	-	4,125	4,125
Property taxes	1,789	359	1,466	3,984	3,984
Payroll processing	-	-	-	177	3,791
Website	-	-	-	3,042	3,042
Travel	315	1,262	-	2,767	2,767
Memberships	-	-	-	-	1,577
Security	357	181	49	984	984
Contributions	435	32	101	-	587
Licenses	-	-	-	-	568
Meals	-	-	-	456	456
Bad debt	74	-	-	400	400
					74
	<u>\$ 415,036</u>	<u>\$ 206,031</u>	<u>\$ 96,738</u>	<u>\$ 149,020</u>	<u>\$ 866,824</u>
					<u>\$ 717,804</u>

See accompanying notes to financial statements.

**HARRISONBURG GIFT & THRIFT SHOP, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2017**  
(See Independent Accountant's Review Report)

<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>	
Increase in net assets	\$ 212,546
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	135,814
Decrease in operating assets:	
Accounts receivable	17,357
Inventory	17,764
Prepaid expenses	1,215
Increase in operating liabilities:	
Accounts payable	47,240
Accrued expenses	468
Other payables	<u>38,555</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>470,959</u>
 <b>CASH FLOWS USED BY INVESTING ACTIVITIES</b>	
Cash paid for purchase of fixed assets	<u>(2,298,548)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(2,298,548)</u>
 <b>CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>	
Proceeds from long-term debt	<u>1,929,391</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>1,929,391</u>
<b>NET INCREASE IN CASH</b>	101,802
<b>CASH AT BEGINNING OF YEAR</b>	<u>69,146</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 170,948</u>
 <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>	
Cash payments for interest:	<u>\$ 10,562</u>

See accompanying notes to financial statements.

**HARRISONBURG GIFT & THRIFT SHOP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**  
(See Independent Accountant's Review Report)

**NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Harrisonburg Gift & Thrift Shop, Inc. is a nonprofit entity incorporated in 1982 to collect and sell donated goods for further support of Mennonite Central Committee (MCC).

Harrisonburg Gift & Thrift Shop, Inc. (the Organization) includes the following departments:

- Thrift:*** The Thrift Shop accepts donated clothing, furniture, and household items for resale or recycle.
- BookSavers:*** BookSavers of Virginia accepts donated books, DVDs, and CDs for resale or recycle.
- Gift:*** Artisan's Hope retails purchased Fair Trade products and food while promoting social and environmental responsibility. According to the Fair Trade Federation, there are seven principles to fair trade: fair wages, cooperative workplaces, consumer education, environmental sustainability, financial and technical support, respect for cultural identity, and public accountability.
- Rental activity:*** The Organization rents commercial space to other organizations that have a similar purpose and mission, including Everence, Mennonite Financial Federal Credit Union, and A Bowl of Good.

**Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities. See Note B for disclosure of a departure from accounting principles generally accepted in the United States.

**Contributions**

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending upon the existence and/or nature of donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, as applicable. Within temporarily restricted assets, amounts are reclassified to unrestricted net assets when restrictions expire.

**Expense Allocation**

Accounting principles generally accepted in the United States require the costs of providing the various programs and activities be summarized on a functional basis in the schedule of functional expenses.

**Income Tax Status**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).



**HARRISONBURG GIFT & THRIFT SHOP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**  
(See Independent Accountant's Review Report)

**NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Property and Equipment**

Property and equipment are stated at cost. Depreciation is computed by the straight-line and based on estimated useful lives: buildings 39 years; improvements 10-39 years; equipment and fixtures 5-7 years; and vehicles 5 years.

**Advertising**

The Organization follows a policy of charging the costs of advertising to expense as incurred. Advertising expense totaled \$31,708.00 for the year ended December 31, 2017.

**Accounts Receivable**

Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the bill date. The Organization does not charge interest on past-due accounts.

The Organization has evaluated outstanding receivables for uncollectibility and determined that an allowance is not necessary.

**Inventory, Purchased**

Inventories held for sale are stated at the lower of cost (first-in, first-out) or market. The Organization only records inventory purchased by the Gift department, Artisans' Hope. The Organization has elected not to record inventory that has been contributed to Thrift and BookSavers departments. (See Note B)

**Retirement Plan**

The Organization sponsors a 403b retirement plan covering substantially all employees. Employees may defer eligible compensation up to a maximum allowable limits specified by the Internal Revenue Service. The Organization contributes 3% of gross compensation for full-time employees and matches employee contributions at 50% up to 6% of the employees' deferral. Employer contributions to the plan were \$13,682.00 for the year ended December 31, 2017.

**Contributions to MCC**

The Organization contributes approximately 50% of positive changes in its net assets on an annual basis to MCC. The remaining change in net assets is used to make principal payments on long-term debt.

**HARRISONBURG GIFT & THRIFT SHOP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**  
(See Independent Accountant's Review Report)

**NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Estimates and Assumptions**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Subsequent Events**

Subsequent events were evaluated through August 13, 2018, which is the date the financial statements were available to be issued.

**NOTE B – DEPARTURE FROM ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES**

According to accounting principles generally accepted in the United States of America, contributions received should be recognized as revenues or gains in the period received and measured at their fair value. The Organization does not record non-cash donations at the time of receipt due to the volume of items received, the difficulty of valuing donated items, and the uncertainty of when those items might be resold. Instead, revenues are recognized from non-cash items in the period in which these items are sold. Management is unable to quantify the amount of non-cash donations held in inventory at year end, but the amount is significant to The Organization. Because donated inventory has not been valued, it is not possible to determine the impact of this departure from accounting principles generally accepted in the United States of America.

**NOTE C – FUNCTIONAL EXPENSES**

Expenses, by functional category, are as follows:

Program:	
Support of MCC	\$ 226,644
Direct expenses of shop operations	<u>717,804</u>
Total program services	944,448
Management and general	<u>149,020</u>
Total Expenses	<u>\$ 1,093,468</u>

**HARRISONBURG GIFT & THRIFT SHOP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**  
(See Independent Accountant's Review Report)

**NOTE D – LONG TERM DEBT**

The Organization's long-term debt at December 31, 2017 is summarized as follows:

Bank of the James construction note payable dated December 8, 2015, with a maximum drawing capacity of up to \$4,250,000, intended to be converted to permanent financing upon completion of project with an amortization period of 15-20 years. Note must be converted by 2020. Interest is fixed at 3.75% for five years. Collateralized by real estate.	\$ 4,046,215
Less: Long-term debt due within one year	<u>(141,838)</u>
	<u>\$ 3,904,377</u>

As disclosed in NOTE F, the construction loan detailed above was converted to permanent financing in 2018. The Organization has revised the maturities schedule to reflect this conversion of debt.

Maturities of long-term debt are as follows:

	Year ending <u>December 31,</u>	
	2018	\$ 141,838
	2019	145,512
	2020	151,063
	2021	<u>3,611,587</u>
		4,050,000
Less: Draws received after year-end		<u>(3,785)</u>
		<u>\$ 4,046,215</u>

**NOTE E – RENTAL ACTIVITY**

The Organization leases commercial and restaurant space under non-cancelable operating leases. The leases provide for annual rental increases and pass-through of certain maintenance costs. One lease expires December 2020. The other lease expires on July 2024.

Rental income from non-cancelable leases is expected to be as follows:

	Year ending <u>December 31,</u>	
	2018	\$ 192,324
	2019	197,139
	2020	202,063
	2021	167,387
	2022	170,735
	Thereafter	<u>277,769</u>
		<u>\$ 1,207,418</u>

**HARRISONBURG GIFT & THRIFT SHOP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017**  
(See Independent Accountant's Review Report)

**NOTE F – SUBSEQUENT EVENTS**

In January of 2018, the Organization converted the construction note shown in Note D to permanent financing. The amount converted totaled \$4,050,000, with a five-year fixed interest rate of 3.75%, due in monthly installments of approximately \$24,100. The note matures in February of 2021 with the balloon balance eligible for renewal.

**Exempt Organization Business Income Tax Return  
(and proxy tax under section 6033(e))**

**2017**

For calendar year 2017 or other tax year beginning \_\_\_\_\_, 2017, and ending \_\_\_\_\_, 20

▶ Go to [www.irs.gov/Form990T](http://www.irs.gov/Form990T) for instructions and the latest information.

▶ Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

Open to Public Inspection for 501(c)(3) Organizations Only

Department of the Treasury  
Internal Revenue Service

<b>A</b> <input type="checkbox"/> Check box if address changed <b>B</b> Exempt under section <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 528(a)	<b>Print or Type</b>	Name of organization ( <input type="checkbox"/> Check box if name changed and see instructions.) <b>HARRISONBURG GIFT &amp; THRIFT SHOP, INC.</b>	<b>D</b> Employer identification number (Employees' trust, see instructions.) <b>54-1471769</b>
		Number, street, and room or suite no. If a P.O. box, see instructions. <b>731 MOUNT CLINTON PIKE</b>	<b>E</b> Unrelated business activity codes (See instructions.) <b>53120</b>
		City or town, state or province, country, and ZIP or foreign postal code <b>HARRISONBURG, VA 22802</b>	

**C** Book value of all assets at end of year: **3,679,295**

**F** Group exemption number (See instructions.) ▶

**G** Check organization type ▶  501(c) corporation  501(c) trust  401(a) trust  Other trust

**H** Describe the organization's primary unrelated business activity. ▶ **DEBT FINANCED REAL ESTATE RENTAL**

**I** During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? . . . ▶  Yes  No  
If "Yes," enter the name and identifying number of the parent corporation. ▶

**J** The books are in care of ▶ Telephone number ▶

Part I Unrelated Trade or Business Income		(A) Income	(B) Expenses	(C) Net
1a	Gross receipts or sales			
b	Less returns and allowances			
	<b>c Balance ▶</b>	<b>1c</b>		
2	Cost of goods sold (Schedule A, line 7)			
3	Gross profit. Subtract line 2 from line 1c			
4a	Capital gain net income (attach Schedule D)			
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)			
c	Capital loss deduction for trusts			
5	Income (loss) from partnerships and S corporations (attach statement)			
6	Rent income (Schedule C)			
7	Unrelated debt-financed income (Schedule E)	2,827	1,722	1,105
8	Interest, annuities, royalties, and rents from controlled organizations (Schedule F)			
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)			
10	Exploited exempt activity income (Schedule I)			
11	Advertising income (Schedule J)			
12	Other income (See instructions; attach schedule)			
13	<b>Total. Combine lines 3 through 12</b>	<b>2,827</b>	<b>1,722</b>	<b>1,105</b>

**Part II Deductions Not Taken Elsewhere** (See instructions for limitations on deductions.) (Except for contributions, deductions must be directly connected with the unrelated business income.)

14	Compensation of officers, directors, and trustees (Schedule K)				14
15	Salaries and wages				15
16	Repairs and maintenance				16
17	Bad debts				17
18	Interest (attach schedule)				18
19	Taxes and licenses				19
20	Charitable contributions (See instructions for limitation rules)				20
21	Depreciation (attach Form 4562)				21
22	Less depreciation claimed on Schedule A and elsewhere on return				22a
23	Depletion				23
24	Contributions to deferred compensation plans				24
25	Employee benefit programs				25
26	Excess exempt expenses (Schedule I)				26
27	Excess readership costs (Schedule J)				27
28	Other deductions (attach schedule)				28
29	<b>Total deductions. Add lines 14 through 28</b>				29
30	Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13				30
31	Net operating loss deduction (limited to the amount on line 30)				31
32	Unrelated business taxable income before specific deduction. Subtract line 31 from line 30				32
33	Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions)				33
34	<b>Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32.</b>				34

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**Part III Tax Computation**

**35 Organizations Taxable as Corporations.** See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here  See instructions and:

a Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):  
 (1) \$ \_\_\_\_\_ (2) \$ \_\_\_\_\_ (3) \$ \_\_\_\_\_

b Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$ \_\_\_\_\_  
 (2) Additional 3% tax (not more than \$100,000) \$ \_\_\_\_\_

c Income tax on the amount on line 34 ▶ **35c** 16

**36 Trusts Taxable at Trust Rates.** See instructions for tax computation. Income tax on the amount on line 34 from:  Tax rate schedule or  Schedule D (Form 1041) ▶ **36**

**37 Proxy tax.** See instructions ▶ **37**

**38 Alternative minimum tax** ▶ **38**

**39 Tax on Non-Compliant Facility Income.** See instructions ▶ **39**

**40 Total.** Add lines 37, 38 and 39 to line 35c or 36, whichever applies ▶ **40** 16

**Part IV Tax and Payments**

**41a** Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116) **41a**

**b** Other credits (see instructions) **41b**

**c** General business credit. Attach Form 3800 (see instructions) **41c**

**d** Credit for prior year minimum tax (attach Form 8801 or 8827) **41d**

**e Total credits.** Add lines 41a through 41d **41e**

**42** Subtract line 41e from line 40 **42** 16

**43** Other taxes. Check if from:  Form 4255  Form 8611  Form 8697  Form 8866  Other (attach schedule) **43**

**44 Total tax.** Add lines 42 and 43 **44** 16

**45a** Payments: A 2016 overpayment credited to 2017 **45a**

**b** 2017 estimated tax payments **45b**

**c** Tax deposited with Form 8868 **45c**

**d** Foreign organizations: Tax paid or withheld at source (see instructions) **45d**

**e** Backup withholding (see instructions) **45e**

**f** Credit for small employer health insurance premiums (Attach Form 8941) **45f**

**g** Other credits and payments:  Form 2439  Form 4136  Other \_\_\_\_\_ Total ▶ **45g**

**46 Total payments.** Add lines 45a through 45g **46**

**47** Estimated tax penalty (see instructions). Check if Form 2220 is attached  **47**

**48 Tax due.** If line 46 is less than the total of lines 44 and 47, enter amount owed ▶ **48** 16

**49 Overpayment.** If line 46 is larger than the total of lines 44 and 47, enter amount overpaid ▶ **49**

**50** Enter the amount of line 49 you want: Credited to 2018 estimated tax ▶ Refunded ▶ **50**

**Part V Statements Regarding Certain Activities and Other Information** (see instructions)

		Yes	No
<b>51</b> At any time during the 2017 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here ▶			X
<b>52</b> During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see instructions for other forms the organization may have to file.			X
<b>53</b> Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$			

**Sign Here** ▶ Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

	Signature of officer	Date	Title		Check <input type="checkbox"/> if self-employed	PTIN
<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature		Date		
	Firm's name ▶			Firm's EIN ▶		
	Firm's address ▶			Phone no.		

**Schedule A—Cost of Goods Sold.** Enter method of inventory valuation ▶

<b>1</b> Inventory at beginning of year	<b>1</b>		<b>6</b> Inventory at end of year . . . . .	<b>6</b>	
<b>2</b> Purchases . . . . .	<b>2</b>		<b>7</b> <b>Cost of goods sold.</b> Subtract line 6 from line 5. Enter here and in Part I, line 2 . . . . .	<b>7</b>	
<b>3</b> Cost of labor . . . . .	<b>3</b>		<b>8</b> Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization? . . . . .		Yes No
<b>4a</b> Additional section 263A costs (attach schedule) . . . . .	<b>4a</b>				
<b>b</b> Other costs (attach schedule)	<b>4b</b>				
<b>5</b> <b>Total.</b> Add lines 1 through 4b	<b>5</b>				

**Schedule C—Rent Income (From Real Property and Personal Property Leased With Real Property)**  
(see instructions)

<b>1. Description of property</b>		
(1)		
(2)		
(3)		
(4)		
<b>2. Rent received or accrued</b>		
<b>(a)</b> From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	<b>(b)</b> From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	<b>3(a)</b> Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(1)		
(2)		
(3)		
(4)		
<b>Total</b>	<b>Total</b>	<b>(b) Total deductions.</b> Enter here and on page 1, Part I, line 6, column (B) ▶
<b>(c) Total income.</b> Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) ▶		

**Schedule E—Unrelated Debt-Financed Income** (see instructions)

<b>1. Description of debt-financed property</b>		<b>2. Gross income from or allocable to debt-financed property</b>	<b>3. Deductions directly connected with or allocable to debt-financed property</b>	
			<b>(a)</b> Straight line depreciation (attach schedule)	<b>(b)</b> Other deductions (attach schedule)
(1)	COMMERCIAL BLDG, 831-841 MT. CLINTON PK	150,921	53,936	38,027
(2)				
(3)				
(4)				
<b>4. Amount of average acquisition debt on or allocable to debt-financed property</b> (attach schedule)	<b>5. Average adjusted basis of or allocable to debt-financed property</b> (attach schedule)	<b>6. Column 4 divided by column 5</b>	<b>7. Gross income reportable</b> (column 2 × column 6)	<b>8. Allocable deductions</b> (column 6 × total of columns 3(a) and 3(b))
(1)	28,869	1,541,145	1.893218 %	2,827
(2)			%	
(3)			%	
(4)			%	
<b>Totals</b>			Enter here and on page 1, Part I, line 7, column (A). 2,827	Enter here and on page 1, Part I, line 7, column (B). 1,722
<b>Total dividends-received deductions</b> included in column 8				



**Schedule F—Interest, Annuities, Royalties, and Rents From Controlled Organizations** (see instructions)

1. Name of controlled organization	2. Employer identification number	Exempt Controlled Organizations			
		3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross income	6. Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					

**Nonexempt Controlled Organizations**

7. Taxable income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10
(1)				
(2)				
(3)				
(4)				
			Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A).	Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B).

Totals

**Schedule G—Investment Income of a Section 501(c)(7), (9), or (17) Organization** (see instructions)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col. 3 plus col. 4)
(1)				
(2)				
(3)				
(4)				
		Enter here and on page 1, Part I, line 9, column (A).		Enter here and on page 1, Part I, line 9, column (B).

Totals

**Schedule I—Exploited Exempt Activity Income, Other Than Advertising Income** (see instructions)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
		Enter here and on page 1, Part I, line 10, col. (A).	Enter here and on page 1, Part I, line 10, col. (B).			Enter here and on page 1, Part II, line 26.

Totals

**Schedule J—Advertising Income** (see instructions)

**Part I Income From Periodicals Reported on a Consolidated Basis**

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
<b>Totals</b> (carry to Part II, line (5))						

**Part II** **Income From Periodicals Reported on a Separate Basis** (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
<b>Totals from Part I</b> . . . . . ▶						
<b>Totals, Part II (lines 1–5)</b> . . . . . ▶	Enter here and on page 1, Part I, line 11, col. (A).	Enter here and on page 1, Part I, line 11, col. (B).				Enter here and on page 1, Part II, line 27.

**Schedule K—Compensation of Officers, Directors, and Trustees** (see instructions)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
(1)		%	
(2)		%	
(3)		%	
(4)		%	
<b>Total.</b> Enter here and on page 1, Part II, line 14 . . . . . ▶			

**HARRISONBURG GIFT & THRIFT SHOP, INC.**

**EIN 54-1471769**

**SCHEDULE OF OTHER DEDUCTIONS**

**2017 FORM 990-T, SCHEDULE E, LINE 3(b)**

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Administrative salary & benefits	\$ 25,394
Advertising	-
Alarm System	156
Insurance	634
Interest on Mortgage	1,384
Internet Fees	-
Janitorial/Cleaning	1,992
Landscape/Outside Maint.	1,106
Pest Control	170
Postage	34
Repairs	1,970
Supplies	293
Stormwater Fees	274
Taxes	4,591
Technology	29
Trash	-
	<hr/>
TOTAL	<u>\$ 38,027</u>