

Co-op Coalition Survey: Holiday Employee Funds

Thanks to those who took the time to respond. The results are contained in the table, below. Once again, thanks for helping your other co-op Coalition members!

NOTE: The Coalition does not offer any opinion about the responses and does not provide legal advice. Since this issue involves tax law and employment law issues, each co-op should consult with its own attorney.

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In a message dated November 07, 2017 10:50 AM, CooperativesDC@aol.com writes:

This email is being sent to member co-op Presidents, their Representatives to the Coalition, and Managers. Please decide who best can answer the following call for help.

Does your co-op collect holiday money gifts for your employees and/or contract staff? If so, a Coalition member wants your help. Their question is below. We will share the responses with everyone a few days after the survey closes COB November 17.

Thanks for helping another co-op!

Mike O'Dell, Director
 DC Cooperative Housing Coalition

www.CoopsDC.org

This email is being sent blind-copied to protect your privacy.

How do co-ops collect and distribute money given by its residents for its and/or contract employees during the end-of-year holidays? How are DC and Federal taxes handled-- or are taxes paid at all? If taxes are paid, are they paid by withholding the money from the gifts or does the co-op pay them out of its own funds?

<50 units	We vote a yearly bonus at our annual budget meeting. We do not pay any tax on this relatively small amount.
<50 units	No funds are collected or distributed by the COOP centrally but any Resident can give directly if they chose. Note all workers are third party contractors and don't work on site on a daily basis.
<50 units	We do not collect from our shareholders. We give a holiday gift to our one employee. Individual shareholders however give our employee on their own.
<50 units	The only person we give holiday gifts to is our cleaning person (our cleaning company sends the same guy twice a week--though it's not necessarily the same guy from year to year--I believe this is the third person we've had in about 3 years). We just ask the property management company to handle the gift. Last year, one of the residents collected money to give a holiday gift to our letter carrier but she was not the coop's employee and this was done more as a community/volunteer type of activity.
<50 units	Our board authorizes bonuses at the end of the year; and there's a long-standing tradition of individual members separately supplementing that with individual

	contributions. However, whether or in what amounts individuals contribute is confidential and entirely voluntary.
<50 units	The co-op only gives a few Holiday tips: mailman, manager, maybe fed-ex/UPS delivery guy and garbage man. We pay them out of Co-op funds and do not deduct taxes. Most years the gifts are under fifty dollars.
<50 units	Our building "staff" is employed by a contractor, and any corporate bonuses would be their responsibility. I do know that a few owners make a personal gift, but it is entirely up to the owner.
<50 units	Our Co-op does not give corporate gifts to employees as these would be considered taxable income and the Co-op would have to withhold taxes accordingly. We are aware that some individual owners give gifts to staff members during the holiday season, but it is unlikely that any of these would meet IRS guidelines for reporting.
<50 units	The Board will sometimes approve a bonus for our two employees. Individual unit owners may, and often do, give cash gifts.
<50 units	We are a small Coop. Over the years, our Board with the input from our Property Manager decides on a year end, holiday bonus for our Resident Manager. We take into account years of service and the level of service required from the Resident Manager over that current year. It is issued as payroll from the Cooperative checking account. It is a separate standalone check. It is calculated into the Budget based on prior year's amount. In the last few years, it has been about the same amount. Several years ago, there were a lot of demands put on the Resident Manager due to a lot of construction work and we recognized her for that at year end .. but it created a situation where some members didn't want to reduce the amount the following year .. We do not take money from individual members. If members want to give a separate monetary gift, they handle that individually. One of the Board members does a holiday thank you card and the check is handed to her personally by either that Board member or the Property Manager with the personalized card.
50 – 99 units	We do not collect this money at [our co-op] -- shareholders proceed on their own.
50 – 99 units	We include bonuses for all employees in our annual budget. Bonuses are given to each employee just before Thanksgiving each year and the appropriate taxes are withheld from each check. For our contracted employees, we set the gift amount for each person, ask the contractor to invoice us that amount (less taxes) and issue the gift check around Thanksgiving so they may do some Holiday shopping. This amount is also included in our payroll bonus line item.
50 – 99 units	Our Co-Op collects holiday funds for our employees each year. One Co-Op member is designated to collect the funds. They are distributed right before the holidays. We have about 6 full or part-time contract employees. The bonuses are distributed in cash and taxes are not withheld by the Co-Op. It's a cash disbursement handled by a former treasurer.
50 – 99 units	We pay holiday gifts to our employees (2) out of our general funds. We do not collect money for this purpose from our shareholders or residents. However, residents are free to give holiday gifts to the employees on their own, which many do.
100 – 199 units	[Our co-op] does collect holiday fund for the employees, but not for the contract staff.
200+ units	[Our co-op] sends out a notice to the residents informing them that it is Holiday fund time. All contributions are welcome. We do include a list of all employees, yes contracted are on the list. The residents are given a deadline to contribute. The money is collected and totaled. The contribution is divided among the staff, based on years of employment. Each year so far, we have been able to increase the amount to each employee buy a percentage, 5% for example. The final amount for each employee is sent to the payroll department at our management company. The taxes are taken out of the total. The employee receives a net amount
200+ units	We actually had discussions on this recently at one of the Board meetings and the homeowners shared the same sentiments [that gifts should not be taxed]. We reached out to our Legal Counsel tax attorney to determine the best way to address this issue. It was recommended that the procedures continue as is due to the checks needing to be deposited into the association's account and then dispersed to the employees. The

	<p>alternative to this would most likely be that each homeowner give a monetary gift of \$25 due to anything more is deemed taxable.</p>
200+ units	<p>Contributions are solicited typically started at Thanksgiving. All gifts are to be made by check payable to the co-op. Money is distributed to all employees except the general manager. Checks are presented to employees at a holiday party just before Christmas. Taxes are withheld but none of the money given by residents is used, rather, taxes are paid from the general co-op account so that 100% of gift money is received by employees. Gifts for contract staff, postman, and others serving the co-op are not part of the organized gift-giving but are given individually by residents.</p>
200+ units	<p>We have a Holiday Fund Committee. They have open a bank account for this purpose. They take all the money and split it between employees. The amount is not decided who does the best job since everyone has a difference of opinion on who deserves what. They base the holiday bonus on what their position and how long they have worked at the Co-op. They also give bonuses to the cleaning contract staff and the security contract staff.</p> <p>After they decide who gets what they write a check to each contract employee and Co-op employees. No taxes are taken out.</p>
200+ units	<p>The Members of [our co-op] donate to the Holiday Fund, which is shared between the Maintenance, Janitorial and Office Personnel, excluding the General Manager. The funds are collected by a deadline date and distributed to the staff prior to the Holiday. The distributions go through payroll so the staff pays all applicable taxes.</p>
200+ units	<p>[Our co-op] has a committee that solicits and collects the funds. They have a formula they use to determine how they are distributed and I believe it is based on how long the employee has worked for the [co-op]. The list is then handed over to our staff accountant who cuts the checks and withholds taxes. The taxes are handled the same as payroll. Employees receive a net check after the withholdings. All staff is included in the fund except for the General Manager.</p>