



## BOARD OF TRUSTEES - LAKE LIMERICK COUNTRY CLUB

August 21st, 2004 9:00

### MINUTES

#### I. ROLL CALL:

President Tom Taylor, Vice President Scott Carey, Treasurer Esther Springer-Johannesen, Secretary Shirley Toner, Trustees Don Nichols, Dick Sirokman, Pat Feist, Tony Paradise, Keith Smith and Water Committee chair Kirk Osborne. Mike Powter and Pat Chaussee were excused

**Guest attending:** Robert Burpee, Irv Layton, Madge Shotwell, Dave & Karen Kohler, Rob & Georgia Koenig, Marilyn Feist, Tilly Waldren, Ron Gruszuzyski, Nan Stricklin, Bernice Sissor, Georgia Mc Innis, John Botton, Tim Reber, and Janice Vocke

#### II. GUESTS FROM THE FLOOR: Request to be added to the agenda

None

#### III. APPROVAL OF MINUTES:

A motion was made by Dick Sirokman, seconded by Scott Carey and passed with no nays as follows:  
To accept the BOT minutes of July 2004.

#### IV. FINANCIAL REPORT: Esther Springer-Johannesen Treasurer

Treasurer Ester Springer-Johannesen passed out information regarding the clubs non profit status and the laws and regulations regarding that status. Follow up was given and discussion held on the WGEP (Possible non profit organization insurance pool) and the possible savings of 40% should the pool become reality. Cautions were noted that start up cost could be high. Esther will be meeting with Rusty Duncan with questions on our current liability and health insurance cost.

A motion was made by Dick Sirokman, seconded by Shirley Toner and passed with no nays as follows:  
To accept the financials of July 2004.

#### V. CONSENT AGENDA: (Committees motions)

The minutes were reviewed and discussion held on the motions as follows:

Lake Dam motion has been taken care of. The letter requested has been sent to the member.

The Maintenance motion for new thermostats was discussed and it was agreed that the savings would be worth the cost.

A motion was made by Scott Carey, seconded by Dick Sirokman and passed with no nays as follows:

To accept the \$900.00 bid given by Sunset Air for replacing the thermostats.

The motion on repairing the backhoe was discussed; the water dept. wish to state that this is a vital piece of equipment and repair/ or replacement is necessary. It was agreed to get an estimate on the overhaul cost and proceed to repair the backhoe.

The Greens committee motions with regard to adding the chip path and sprinkler system to the budget as maintenance items was discussed and returned to the committee for cost breakouts and actual figures.

A motion was made by Dick Sirokman, seconded by Scott Carey and passed with no nays as follows:

To consent agenda with the exclusion of the motions by the greens committee.

#### VI. OLD BUSINESS:

1. Lake/Beam assessment 2<sup>nd</sup> half. Discussion held on remaining funds available, whether the reserves for future treatments need to be built, and what the cost are for this years treatments. The actual figures are not available until the lake specialist Harry Gibbons prepares his final report for this year. Most of the information should be available for the next meeting and the topic was tabled for that time.

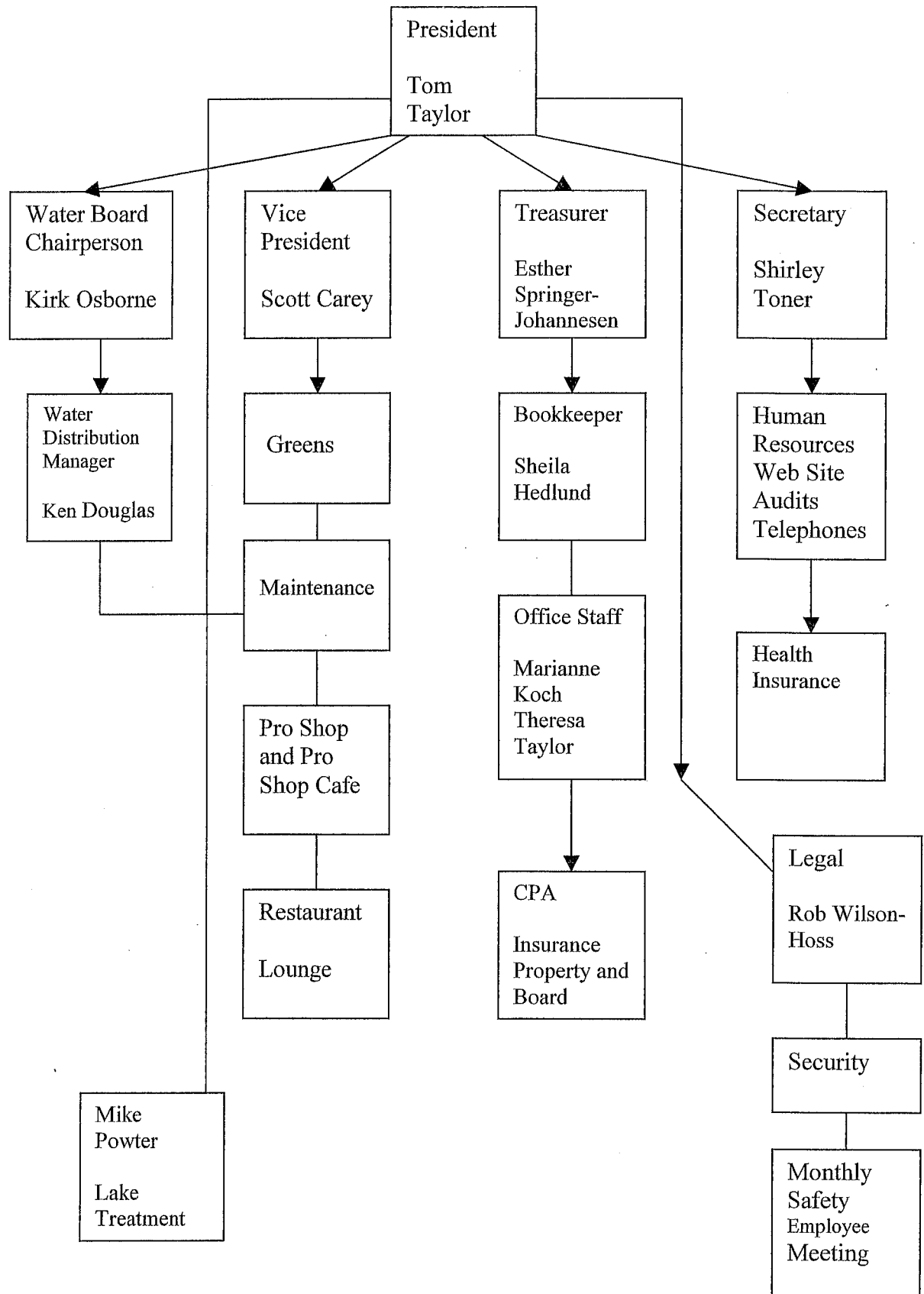
**MOTION TO ADJOURN MEETING:**

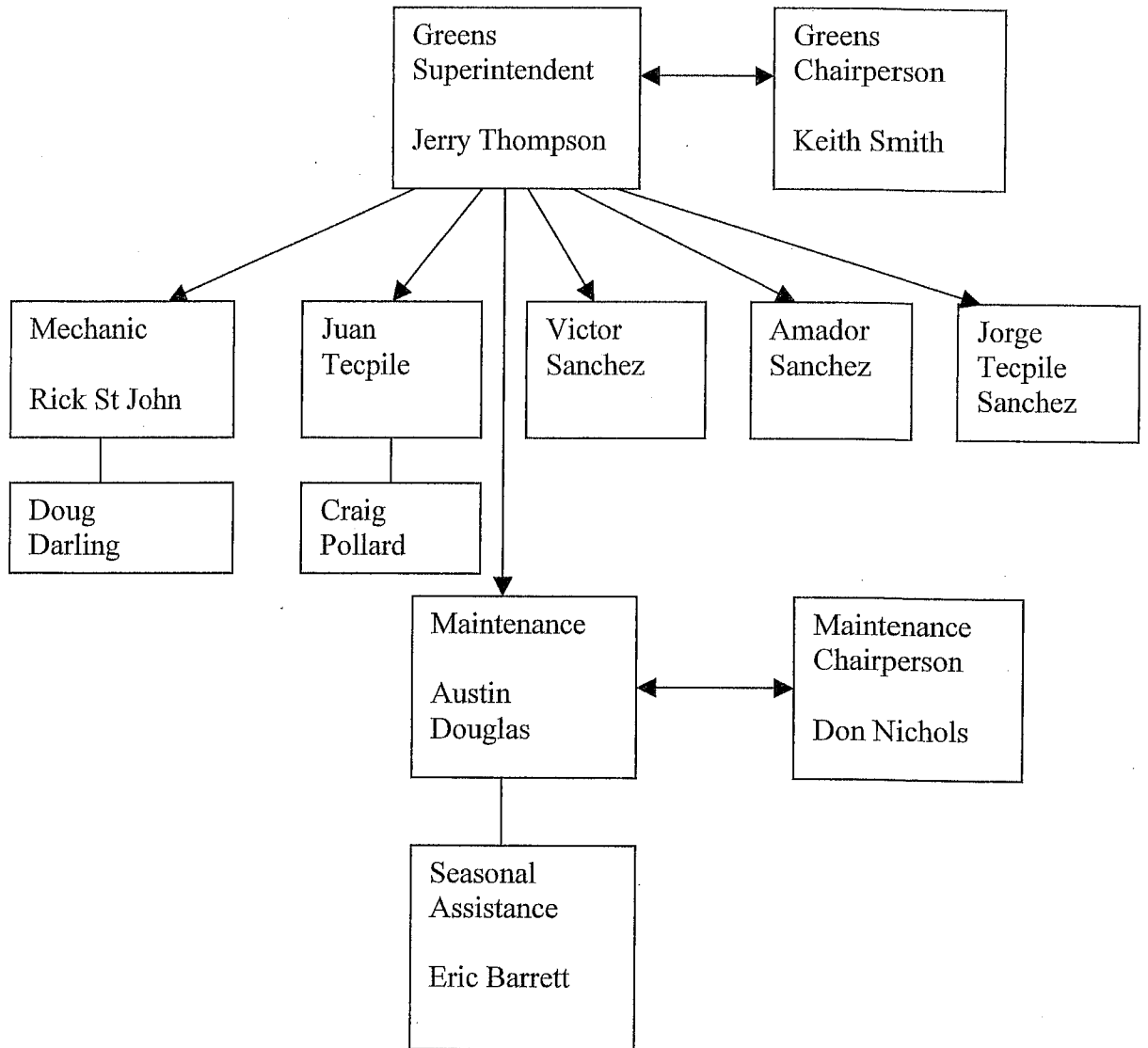
A motion was made by Dick Sirokman, seconded by Esther Springer Johannesen and passed with no nays as follows:

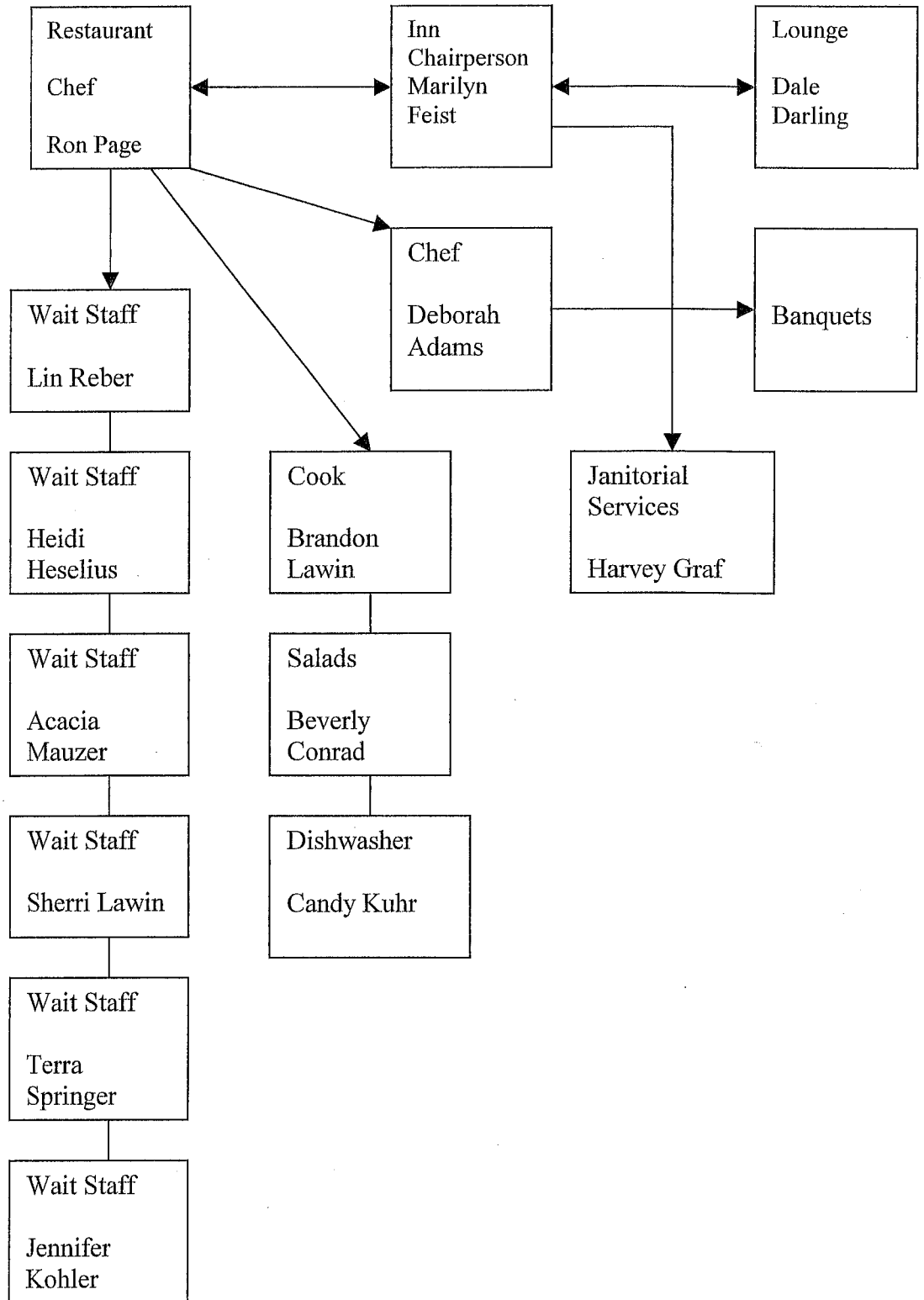
To adjourn meeting at 10:35

**The Board of Trustees has not approve these minutes.**

Respectfully submitted for review to the board of trustees, by secretary Marianne Koch.









**BOARD OF TRUSTEES - LAKE LIMERICK COUNTRY CLUB**

August 21st, 2004 9:00

**AGENDA**

**I. ROLL CALL:**

President Tom Taylor, Vice President Scott Carey, Treasurer Esther Springer-Johannesen, Secretary Shirley Toner, Trustees Don Nichols, Dick Sirokman, Pat Feist, Mike Powter, Pat Chaussee and Keith Smith

**Guest attending:**

*Tom Taylor* *Scott Carey* *Esther Springer-Johannesen* *Shirley Toner* *Don Nichols* *Dick Sirokman* *Pat Feist* *Mike Powter* *Pat Chaussee* *Keith Smith*

**II. GUESTS FROM THE FLOOR: Request to be added to the agenda**

*note (sign) / meet*

**III. APPROVAL OF MINUTES:**

A motion was made by SC, seconded by DS and passed as follows:  
To accept the minutes of July 2004 ✓

**IV. FINANCIAL REPORT: Esther Springer-Johannesen Treasurer**

A motion was made by DS, seconded by ST and passed as follows:  
To accept the Financials of July 2004 ✓

**V. CONSENT AGENDA: (Committees motions)**

A motion was made by DS, seconded by SC and passed as follows:  
To consent agenda with exception of green motions for impromptu items.

**VI. OLD BUSINESS:**

- 1. Lake/Beam assessment 2<sup>nd</sup> half

**VII. REPORTS:**

- 1. Log Toy update. *none*

**VIII. NEW BUSINESS:**

- 1. Board determination to sell or keep Div 02- Lot 176
- 2. Board determination to sell or keep Div 03- Lot 225
- 3. Sheriff / Security *disc on occlusure responsibility - pass to use committee - stud for all*
- 4. ~~Temp Control~~ MAINT. AGENDA
- 5. ~~Maintenance~~
- 6. ~~Budget~~
- 7. Request for board to determine action regarding aged trailer put on lot against regulations *(ask)*
- 8. Non for Profit Status *Final*

*DS - TP of meeting for children until further notice water works to use temp for lot for years*

*Question #5*

**IX. CORRESPONDENCE: NONE**

**X. ANNOUNCEMENTS:**

*28 August / meeting - need consistent attendance next - to 97*



**BOARD OF TRUSTEES - LAKE LIMERICK COUNTRY CLUB**

August 21st, 2004 9:00

**AGENDA**

**I. ROLL CALL:**

President Tom Taylor, Vice President Scott Carey, Treasurer Esther Springer-Johannesen, Secretary Shirley Toner, Trustees Don Nichols, Dick Sirokman, Pat Feist, Mike Powter, Pat Chaussee and Keith Smith

**Guest attending:**

**II. GUESTS FROM THE FLOOR: Request to be added to the agenda**

**III. APPROVAL OF MINUTES:**

A motion was made by \_\_\_\_\_, seconded by \_\_\_\_\_ and passed as follows:  
To accept the minutes of July 2004 \_\_\_\_\_

**IV. FINANCIAL REPORT: Esther Springer-Johannesen Treasurer**

A motion was made by \_\_\_\_\_, seconded by \_\_\_\_\_ and passed as follows:  
To accept the Financials of July 2004 \_\_\_\_\_

**V. CONSENT AGENDA: (Committees motions)**

A motion was made by \_\_\_\_\_, seconded by \_\_\_\_\_ and passed as follows:  
To consent agenda \_\_\_\_\_

**VI. OLD BUSINESS:**

1. Lake/Beam assessment 2<sup>nd</sup> half

**VII. REPORTS:**

1. Log Toy update.

**VIII. NEW BUSINESS:**

1. Board determination to sell or keep Div 02- Lot 176
2. Board determination to sell or keep Div 03- Lot 225
3. Sheriff / Security
4. Temp Control
5. Maintenance
6. Budget
7. Request for board to determine action regarding aged trailer put on lot against regulations.
8. Non for Profit Status

9 - ORG CHART

**CORRESPONDENCE: NONE**

**X. ANNOUNCEMENTS:**

Aug 30 - 8:00  
AM

XI. MOTION TO CONVENE TO CLOSED SESSION:

XII. CLOSED SESSION: (The closed session may only include matters dealing with personnel matters; legal counsel or communication with legal counsel; and likely or pending litigation of an owner to the association.) Personnel and Legal (Salaries, George Duffin final salary, and legal issues)

XIII MOTION TO RECONVENE TO OPEN SESSION:

XIV. MOTION TO ACCEPT ALL CLOSED SESSION MOTIONS: - 10:35

(Motions or agreements made in closed session may not become effective unless the board, following the closed session, reconvenes in open meeting and votes in the open meeting on the closed session motions.)

XV. MOTION TO ADJOURN MEETING:

Moved

①

②

DICK - Esther



~~\_\_\_\_\_~~

~~\_\_\_\_\_~~

~~\_\_\_\_\_~~

No motions in closed

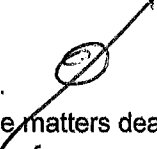
Sesth - Dick to open -

Adjourn

11:05



**XI. MOTION TO CONVENE TO CLOSED SESSION:**

*DS* *EJF* 

**XII. CLOSED SESSION:** (The closed session may only include matters dealing with personnel matters; legal counsel or communication with legal counsel; and likely or pending litigation of an owner to the association.) Personnel and Legal (Salaries, George Duffin final salary, and legal issues)

**XIII MOTION TO RECONVENE TO OPEN SESSION:** \_\_\_\_\_

**XIV. MOTION TO ACCEPT ALL CLOSED SESSION MOTIONS:** \_\_\_\_\_

(Motions or agreements made in closed session may not become effective unless the board, following the closed session, reconvenes in open meeting and votes in the open meeting on the closed session motions.)

**XV. MOTION TO ADJOURN MEETING:**  
\_\_\_\_\_

Robert Buspee 3 316

IRV LAYTON

Mary Stowell

Dave & Karen Kohler

1-41

Robt George Koenig

3-152

Marilyn Leist

2-56

Tilly Waldron

4-26

Row Guszczynski

2-91

JC Botton

2-216

Nan Stucklin

2-36

Bernie Loran

1-197

Georgia McInnis

3-285

Tim Pezer

3-277

Joan Locke

Wm Stucklin



## Lake Limerick Country Club

# Memo

**To:** Board of Trustees  
**From:** Sheila Hedlund  
**CC:** Marianne Koch  
**Date:** 8/18/2004  
**Re:** Division 2, Lot 176

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### **Board Determination to sell or keep Division 02 Lot 176**

Attached please find a copy of a map for Division 2, Lot 176 which LLCC has just acquired through a Statutory Warranty Deed.

The Assessed value of this lot in 2001 was \$16,500.

The account was transferred to Land for resale at the value of \$409.36, which was the past due amount on the account at the time of acquisition.

Please let me know if the board would like to sell this lot or use it for community property.

Thank you

Sheila Hedlund





## Lake Limerick Country Club

# Memo

**To:** Board of Trustees  
**From:** Sheila Hedlund  
**CC:** George Duffin & Marianne Koch  
**Date:** 7/21/2004  
**Re:** Division 3, Lot 225

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### **Board Determination to sell or keep Division 03 Lot 225**

Attached please find a copy of a map for Division 3, Lot 225 which LLCC has just acquired through a Sheriff's Sale.

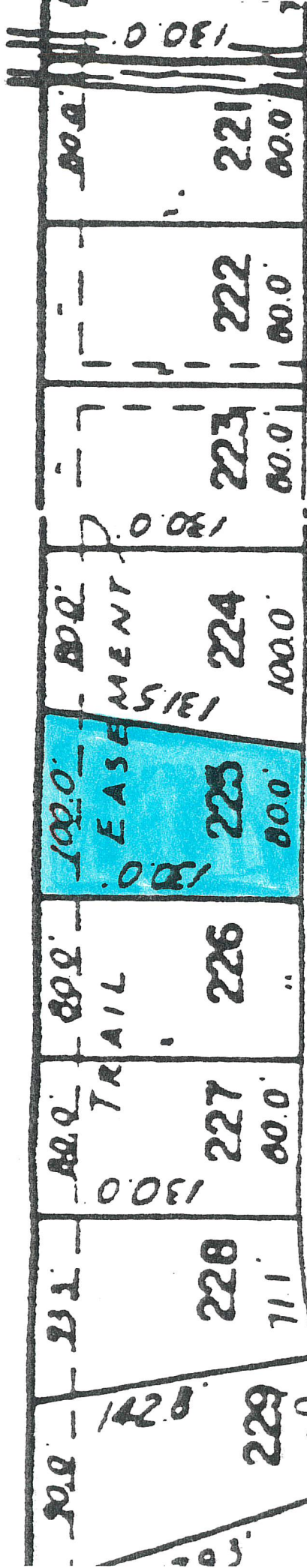
The Assessed value of this lot in 2001 was \$12,500.

The account was transferred to Land for resale at the value of \$6648.91, which was the past due amount on the account at the time of acquisition.

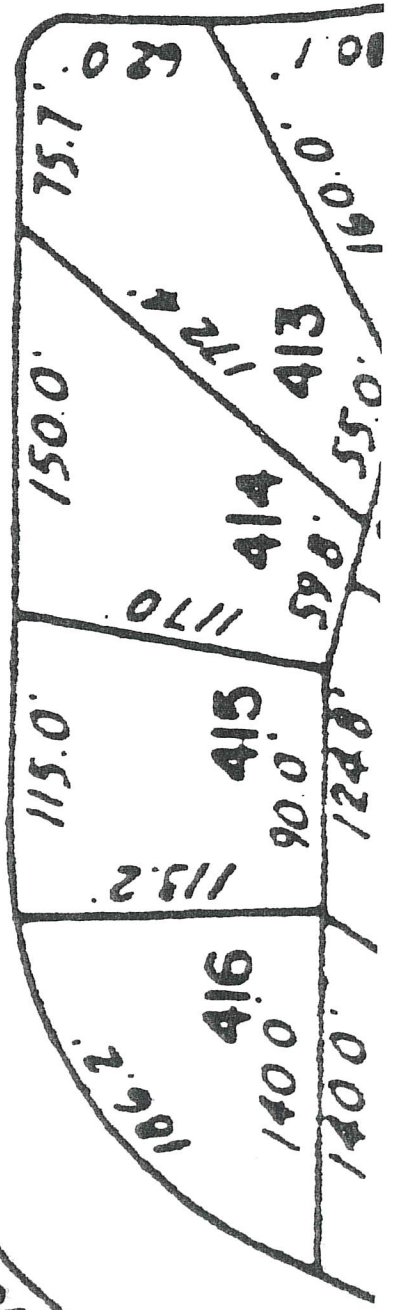
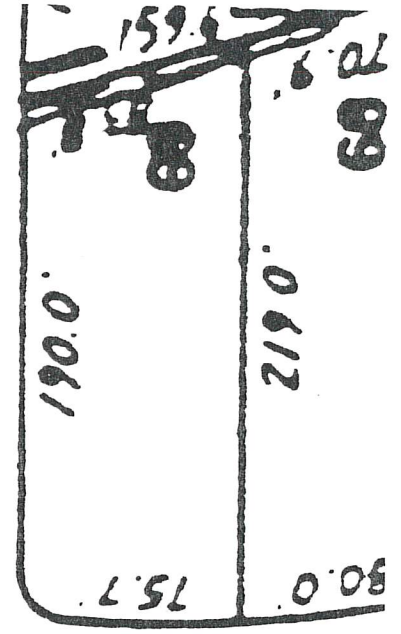
Please let me know if the board would like to sell this lot or use it for community property.

Thank you

Sheila Hedlund



St. Andrews Drive



- ① Ester passed out & disc mon for profit status of club
- ② W&EP - insurance pending 40% savings (disc working on)  
 questions of estimating up front cost - Ester will be meeting  
 with Rusty Duncan re questions on liability of health ins
- ③ ~~Meeting~~ Budget meeting Sat 11th

Consent Agenda

Beers field ~~meeting~~ R.C. / ~~cost total \$ 1000 -~~  
 Maint - ① Thermostats - replacement - \$900.00 Scott doing matter to accept Scott DS  
 air Bed  
 ② Backhoe - overhaul \$400 <sup>est</sup> surveys of base (7500 est  
 gross cost)  
 critical to water dept -

DB Example Assessment

LH fund Bal 9,000 - with  
 - Need cost from Gibbons if what funds available -  
 Table to meet month -

~~DB #1~~ DB org -

Comments on Lake Management

LH has not been trusted due to govt  
 restrictions - due to

10/20  
 10/30

B.D. 23<sup>rd</sup> 10-3

Levy - O'Leary

influence the general public about an election, legislative matters, or referenda with high-level federal officials. However, do not include any expenditures to a council or similar governing body with respect to legislation or proposed legislation of the organization or its members. The total on line 85d should only include the amount of excess lobbying and political expenditures carried over from the preceding year (discussed in line 85b) if such expenses exceed \$2,000 during the year. The total on line 85d should also include political expenditures reported on line 85f for the current year if the organization

**Line 85e.** If an organization's members were told when dues allocable to a specific portion of those dues would not be deductible as a business expense, the nondeductible dues should be entered on line 85e.

**Line 85f.** Subtract the amount on line 85e from the lesser of line 85c or 85d, and enter the results on line 85f. If line 85d is greater than 85c, the excess normally must be carried over to the following tax year and treated as lobbying and political expenditures in that year.

**Warning:** The directions on Form 990 for line 85f indicate that it is determined by subtracting line 85e from line 85d, which is incorrect. As the instructions make clear, line 85f is determined by subtracting the amount on line 85e from the lesser of lines 85c or 85d.

**Lines 85g and 85h.** See Key Issue 33A regarding the option of paying the proxy tax instead of notifying an organization's members of the nondeductible portion of their dues. Key Issue 16E discusses how to report the tax on Form 990-T (Exempt Organization Business Income Tax Return).

#### **Example 8D-1 Reporting dues declared nondeductible in notices to members.**

Good, Inc. notified its members in a timely fashion that 10% (based on a reasonable estimate) of the current year dues of \$150 per member was nondeductible. Good received a total of \$150,000 in dues from its members during the year. Its lobbying expenditures for the current year were \$17,000. How should Good complete lines 85a–85f of Form 990?

Completed lines 85a–85f are shown at Illustration 8-4. (Completion of lines 85g and 85h is covered in Chapter 33.)

**Note:** This series of questions is not included in Part V of Form 990-EZ.

### **KEY ISSUE 8E Special Rules for Section 501(c)(7) Organizations.**

#### **In General**

For a social club [i.e., an organization described in IRC Sec. 501(c)(7)] to maintain its tax exemption, *substantially all* of its activities must be for the pleasure, recreation, and other nonprofitable purposes of its members. In enacting the "substantially all" rule, Congress indicated a club meets this requirement if it satisfies two gross receipts tests. Lines 86a and 86b on Form 990 (or lines 39a and 39b on Form 990-EZ) gather the data necessary for the IRS to perform these tests (to the extent the data is not readily available from the other financial information presented in the return).

**Note:** The other primary requirements a Section 501(c)(7) organization must comply with to maintain its tax exemption are (1) no part of its net earnings may inure to the benefit of a private shareholder, and (2) it must avoid nontraditional business activities. These requirements are discussed in Key Issues 32A and 32B.

#### **Gross Receipts Tests**

The two gross receipts tests for determining if a Section 501(c)(7) organization meets the "substantially all" rule follow (S. Rpt. No. 94-1318, 94th Cong., 2nd Sess., 1976-2 CB 597, 599):

1. Nonmember revenue (i.e., income from the general public) plus investment income must be no more than 35% of gross receipts.



2. Nonmember revenue itself must be no more than 15% of gross receipts.

Gross receipts for this purpose are receipts from the traditional, normal, and usual activities of the club, including charges, admissions, membership fees, dues, assessments, investment income, and normal recurring capital gains on investments. Gross receipts generally do not include initiation fees, capital contributions (e.g., prorata assessments paid by each member for funding a new building), or income from nontraditional or unusual sources (e.g., the sale of the organization's clubhouse). However, if a club (e.g., a college fraternity) charges membership initiation fees in lieu of normal dues, such fees are included in gross receipts (S. Rpt. No. 94-1318, 94th Cong., 2nd Sess., 1976-2 CB 599).

**Example 8E-1** ~~Passing the gross receipts tests to remain exempt.~~

The City Club, a Section 501(c)(7) organization, operates a restaurant, bar, and health club for members and guests. Nonmembers are admitted only if accompanied by a member. During the year, the club received annual dues of \$95,000, one-time membership fees from new members of \$14,000, and gross revenues from the restaurant and bar of \$369,000. In addition, it earned \$27,000 of interest and dividends during the year, of which \$25,000 was set aside for a charity soccer tournament for underprivileged children.

Although most charges for food and beverages are collected once a month when members are billed, the club does allow payment in cash when the items are consumed. Thus, nonmembers sometimes insist on paying their own expenses. During the current year, \$8,000 of the restaurant and bar receipts were received from nonmembers. What are the club's gross receipts for the gross receipts tests?

The club has the following gross receipts for the two tests:

Annual dues	\$ 95,000
Restaurant and bar sales	369,000
Investment income	<u>27,000</u>
Gross receipts	<u>\$ 491,000</u>

The \$14,000 of membership fees are excluded because they qualify as initiation fees. All of the investment income is included, even though most of it has been set aside for a charitable purpose. (See Key Issue 12H for a discussion of the benefit of a social club setting aside income for a charitable purpose.) How much nonmember and investment income does the club have for the year?

Nonmember income totals \$8,000, while investment income is \$27,000 (again without reduction for any amount set aside for a charitable purpose). Does the club pass the gross receipts tests in the current year?

Yes. The club easily passes both tests as follows:

1. Nonmember revenue plus investment income is no more than 35% of gross receipts:  $\$35,000 (\$8,000 + \$27,000) \leq \$171,850 (35\% \times \$491,000)$ .
2. Nonmember revenue is no more than 15% of gross receipts:  $\$8,000 \leq \$73,650 (15\% \times \$491,000)$ .

How should the club complete lines 86a and 86b (or lines 39a and 39b of Form 990-EZ)?

The club should complete line 86a by entering \$14,000, while \$8,000 should be entered on line 86b.

**Preparation Pointer:** In addition to filing Form 990 (or Form 990-EZ), the club must also file Form 990-T since the investment income (to the extent it is not set aside) and nonmember revenue are considered unrelated business income (UBI). (See Chapters 11 and 12 for more details on UBI.)

**Facts and Circumstances Test**

If a club fails one or both of the gross receipts tests, it may still avoid loss of its tax exemption if, based on the facts and circumstances, substantially all of its activities are for the pleasure, recreation, and other nonprofitable

**Key Issue 8E**

purposes of its members. Indications a club should be allowed to retain its exemption although it fails at least one of the tests include (*Exempt Organizations Technical Guidelines Handbook*, 7.8.2, Chapter 7):

1. Most or all of the nonmember income was generated by an unusual or nonrecurring event (e.g., hosting an international sports competition event once in 20 years).
2. The club has consistently met the tests in prior years.
3. The nonmember revenue generated little or no net profits for the club.
4. The club's facilities were made available to nonmembers for an appropriate purpose (e.g., to host a charity benefit) (PLR 8542003).

**Preparation Pointer:** If a club fails either the 35% or 15% test and also fails the facts and circumstances test, it will lose its status as a tax-exempt entity the year it fails the tests. Such a club is required to file Form 1120 (U.S. Corporation Income Tax Return) or Form 1065 (U.S. Partnership Return of Income), whichever is appropriate. In addition, it becomes subject to IRC Sec. 277, which limits the deduction for expenses related to providing members with goods and services to the amount of revenue received from members.

### Nonmember Revenue

The nonmember revenue may not be readily apparent from the information provided on page 1 of Form 990, so line 86b (or line 39b of Form 990-EZ) on the return requires a separate reporting of the club's gross receipts from public use of its facilities (i.e., its nonmember revenue). Determining whether an activity generates member or nonmember revenue may require a complex, detailed recordkeeping system, with the burden of proof falling on the club. In Rev. Proc. 71-17, the IRS provides the following guidelines it uses in audits to distinguish member and nonmember activities and income:

1. When a group of no more than eight individuals uses the club facilities, and at least one of the group is a member, the use is considered a member's activity and not public use if payment for such use is received directly from the member or the member's employer.
2. Member use is also assumed for an activity when at least 75% of the participants are members and payment for the use is received directly from one or more members or their employers.
3. In all other situations, member-guest status is not assumed, and detailed records must be maintained to document the breakdown of revenue between member and nonmember income.

### Prohibited Discrimination

A social club is normally not entitled to tax-exempt status if it discriminates against any person on the basis of race, color, or religion [IRC Sec. 501(i)]. However, not all forms of discrimination are prohibited. For example, a club may discriminate based on sex without risking loss of its tax exemption (although it might face legal action under a nontax statute). In addition, an organization does not jeopardize its tax exemption by discriminating based on religion if one of the following statements is true [IRC Sec. 501(i)(1) and (2)].

1. The club is an auxiliary of a fraternal society operating under a lodge system that (a) limits its membership to individuals of a particular religion; and (b) provides for the payment of life, sick, accident, or other benefits to members or their dependents.
2. The club's membership limitation is a good faith attempt to further the teachings or principles of a particular religion and not an attempt to exclude individuals of a particular race or color.

Although Forms 990 and 990-EZ no longer ask if a club's governing instrument or a written policy statement provides for any type of prohibited discrimination, clubs still must comply with the antidiscrimination rules.