

South Lake Tahoe Democratic Club
Executive Committee Meeting—FINAL
January 16, 2019, Sue Chandler's House, 5 p.m.

Attendees: Sue Chandler (Chair), Rob Rosett (Vice-Chair), Allyson Tabor (Webmaster), Aletha Nelligan and Diane Verwoest (Community Liaisons), Nancy Gibson (Secretary), Mary Lekan (Program Committee), and Tom Makris (Member-at-Large). Absent: Frank Riley (Community Liaison) and Liz Zapalac (Treasurer).

1. Welcome!

Introduction of today's participants kicking off a new year with new officers Rob, Aletha, and Diane. Liz is out of town until April 6 and is available to conduct work virtually. She remains in contact with Executive Committee members. Tom has volunteered in this new Member-at-Large role.

2. Clarification of roles and responsibilities. Reviewed and updated Bylaws as follows:

- Delete tax status language and replace with specific information relating to Community Volunteer Organization (see in-depth discussion, below).
- Liz Zapalac provided input to clarify language between roles & responsibilities assigned to both Secretary and Treasurer. Liz's language will be incorporated into the next Bylaws draft. This next draft iteration will be introduced at the General Meeting, for member input, on January 24, 6 p.m., at Lake Tahoe Pizza.

Streamlining:

- Sue will be primary for monitoring Club gmail account and screening items (sorting junk mail from pertinent Club and Affiliate information). Sue will also author MailChimp to post items that pass the screen as well as other items of interest.
- Allyson will update FaceBook permissions to insure this is a Club-based media for all to use (it is currently linked by only those with existing FB accounts). Allyson will update Club homepage, via Weebly, to insure ease of access and timely postings.
- Community Liaison. Warm Room: Tahoe Coalition for the Homeless (correct name in Bylaws).
- Member-at-Large (new position): Define as "help as needed, when needed."

Committees:

- Finance: Language is fine. Need to solicit for members with Liz as lead. Outreach to begin in January and finalize committee once Liz returns in early March.
- Social (internal role): Continue with Happy Hour gatherings every other month with the intent of getting to know members on personal level (Feb, Apr, Jun and Sep, Nov). Initiate annual Club picnic (sometime this summer).
- Program: As is.

- Community Service and Outreach (external role, i.e., Clean Tahoe & Earth Day): Develop this program; generally, quarterly; as each project dynamic rolls out. Emphasis is in soliciting volunteers to develop positive community outcomes while putting an approachable face on Club members in keeping with our mission to ***advocate for equality and progress in our community.***
- Communications Committee (formerly Rapid Response): Drop.
- Public Relations/Legislative Affairs: Drop committee and incorporate into both Chair and Vice-Chair definitions with emphasis on media communications and research on key legislative items (Congressional District 4, Statewide, and Nationally).
- Candidate Identification and Endorsement, and Member Engagement: Drop committee and define as part of the Executive Committee.
- Membership/Voter Registration: Drop committee and define as part of Community Service.

3. Updates from Nancy, Liz/Jodi, Allyson: Where we are, where we're going?

- Nancy reported status of IRS communications and Club filings: We've evolved, over time, to be a predominately political organization with an emphasis (primarily in non-election years) on community advocacy. We don't want to lose the opportunity to put our advocacy face forward to entities that can use our support and help build our Club. At this point, we have no status with the IRS and will continue to operate as a Community Volunteer Organization at both the Federal and State levels. According to IRS Rules governing Section 527 of the IRS Code (for political organizations), we have no filing requirement until we reach \$25,000 in cash on hand and/or incur investment income over \$100. Should we reach either of these thresholds, we have 30 days to file IRS Form 8871. Subsequent filings would also require a host of disclosures as to membership contributions and the like. See enclosed citations and clarification letter to IRS.

Per conversations with the California State Franchise Tax Board (FTB), under which we currently hold an "Exempt Determination Letter" as a "Social Welfare, Unincorporated Association," they are not interested in IRS determinations and do not cross-check with the IRS. So long as our FTB Form 3500 Application is still valid, they are fine with us maintaining the FTB Exempt Determination (Exempt meaning exempt from State taxes). We do not fall under the purview of the Political Reform Act, regulated by the Political Reform Division of the Fair Political Practices Commission (FPPC), per their email dated 10/5/18. This is, primarily, because we do not conduct campaigns for candidates of elected office and we do not contribute directly to political campaigns.

- Liz/Jodi: Both Liz and Jodi are absent and both were unable to connect, for transition, prior to the holidays and Liz leaving town. Nancy has been checking mail and making deposits. Nancy initiated banking updates to add Liz as our new Treasurer and remove Jodi's access authorization. Signatures have now been obtained from all but Jodi who is to follow up with Sue or Nancy on Tues, 1/22/19, and transfer the Treasurer's file box. Nancy will provide the latest Treasury report out (most current bank statement) and membership status (members in good standing having paid 2019 dues) at Jan 24 meeting.

- Allyson: Implemented PayPal and its use has been positive. Will conduct tutorial to insure we're maximizing its benefits and have authorized appropriate access. Will also assess PayPal's interface with the Club's bank account and cash management protocols (note Liz's earlier writeup to streamline collections).

4. EDCDCC updates.

- Latest call was the previous Tues (1/15). Dues were paid for the following members to EDCDCC for CY 2019: Sue Chandler, Jodi Dayberry, and Allyson Tabor (primary reps), and Nancy Gibson (alternate). Mary Lekan has volunteered as another primary rep and Nancy will be her alternate once the EDCDCC dues are paid and paperwork completed.
- The CY meeting schedule was finalized. SLTDC will host the EDCDCC on May 18, at the South Lake Tahoe Library from 11 a.m. to 1 p.m., and will include a policy topic on Smart Forest Management and Fuel Reduction (Nancy, lead, with Club facilitating). This will be followed by picnic luncheon at Sue's house. All Club members are invited.

5. ADEM in Jackson.

ADEM (State Assembly Democrat) vote, in Jackson, CA, on Jan 27 from 10 a.m. to 1 p.m. 28 people on the slate and vote can secure 14 (7 men and 7 women). 7 out of 10 counties are represented by this slate. Any registered Democrat can place a vote. If there is enough interest, Sue will arrange for a bus to transport voters to Jackson.

6. Future Programs for meetings:

- Earth Day (*has been successful in the past*)
- Tahoe Cleanup (spring—*has been successful in the past*)
- Sierra Club Picnic (voter registration)
- Tahoe Collaborative Workspace (voter registration)
- CalTrans Adopt-a-Highway
- Open forum with Jim Jones and Nick Exline to present their ideas and agendas.
- Open forum with Carl Hasty or designee, of Tahoe Transportation District, to discuss legal constraints on relocation of displaced neighbors of the Loop Road decision. This is an opportunity for Club involvement in assisting those adversely affected by this decision.
- Invite Devin Middlebrook, Cody Bass, and any other newly elected officials as the membership deems appropriate.
- Outreach to Millennials: Key areas of interest are student loans and the environment (orchestrate this so Club outreach will include opportunity for program as well as joining the Club).

Meeting dates and tentative program for upcoming General meeting:

- January 24: Andy Okum, League of Conservation Voters (confirmed). Shawn Frame, who filed for CD 4 2020 race, may be available now or in the near future.
- Third potential speaker(s): Les Francis and, possibly, Jessica Morse.

- February 21:
- March 21:
- April 18:
- May 16: Special presentation, on May 18, will replace this Club meeting. Only 20 minutes, or less, will be given to regular business.
- June 20:

7. Social activities: Happy Hour gatherings – Diane to develop schedule for the year. Ideas include summer gatherings in the outdoors or Aletha's home and cooler months at Lake Tahoe Airport.

8. Community Service planned activities:

- Tahoe Coalition for the Homeless (Warm Room) Open House, Feb 7, 3-6 p.m. Immediately following, Ernie's is hosting an honor award for first responders. Tom will send press release and contact information to EC members.
- Bread and Broth – Aletha will contact B&B to confirm the details and when their next available date is for Club participation. (*Now confirmed for April 29.*)

9. Adjourn: 6:45 p.m.

10. Action items:

- Nancy to get with Sue and Allyson, providing updated (red-lined) Bylaws: Monday, 1/21, at 4 p.m. Also, finalize Jan 24 agenda. Other EC members are welcome.
- This will be followed with a tutorial on PayPal, provided by Allyson, and review of Liz's input on cash management.
- Sue will continue monitoring Club gmail and prepare MailChimp newsletter.
- Allyson will update FaceBook to insure any Club member can access and post.
- Allyson will update Club Homepage (Weebly account) to insure readability and current postings...recent meeting notes and the like.
- Jodi to complete Treasurer transition with executed and returned relinquishment card and transfer of Treasurer file box to Sue or Nancy.
- Finance Committee has commitment to produce a CY 2019 mid-year correction, once Liz returns, to address any updates to annual program of work. Target date: April 17 for Gen Mtg report out on April 18.
- Diane volunteered to schedule Happy Hour gatherings (Feb, Apr, Jun) with Aletha offering her home for the Jun event. Lake Tahoe Airport has been a successful venue especially in inclement weather. Sonney's BBQ Shack is nice in good weather. Diane will also orchestrate the summer picnic most likely held at Paradise Park in Meyers.
- Nancy to develop motion to establish emergency fund; presenting at Jan 24 meeting.

Definition of Political Organization

A political organization subject to Code section 527 is a party, committee, association, fund or other organization (whether or not incorporated) organized and operated primarily for the purpose of directly or indirectly accepting contributions or making expenditures, or both, for an exempt function. **The exempt function of a political organization is influencing or attempting to influence the selection, nomination, election or appointment of an individual to a federal, state or local public office or office in a political organization.**

Exemption Requirements – Political Organizations

A political organization subject to section 527 is a party, committee, association, fund, or other organization (whether or not incorporated) organized and operated primarily for the purpose of directly or indirectly accepting contributions or making expenditures, or both, for an exempt function.

A political organization must be organized for the primary purpose of carrying on exempt function activities. A political organization's primary activities must be exempt function activities. A political organization may engage in activities that are not exempt function activities, but these may not be its primary activities.

To be exempt, a political organization must file a timely notice with the IRS that it is to be treated as a tax-exempt organization.

Exempt Function

The exempt function of a political organization is influencing or attempting to influence the selection, nomination, election or appointment of an individual to a federal, state, or local public office or office in a political organization. The election of Presidential or Vice-Presidential electors is also part of the exempt function of a political organization. Activities that directly or indirectly relate to or support an exempt function are exempt function activities.

Organizational Test – Section 527 Exemption

A political organization does not need to be incorporated or otherwise have formal organizing documents. A separate bank account in which political campaign funds are deposited and disbursed only for exempt function purposes can qualify as a political organization. If an organization has no formal organizing documents, consideration is given to statements (such as a resolution) of the organization's members when it was formed that they intend to operate the organization primarily to carry on exempt functions. Federal or state initial registration filings (for example, Statement of Organization, FEC Form 1) made by the organization under applicable election laws, also can serve as evidence that the entity meets the organizational test.

If an organization is formally chartered or created as a [corporation](#), [trust](#), or [association](#), however, its [organizing document](#) must include a statement of purposes that limits its purposes to those described in section 527. For example, a statement that the organization's primary purpose is to conduct one or more exempt functions would satisfy the organizational test.

TIP: Organizing as a separate entity may have benefits under state law that are beyond the scope of this website. Consult an attorney or other adviser if you have questions about choosing an organizational structure.

Definition of a Qualified State or Local Political Organization

A qualified state or local political organization is a [political organization](#) that meets the following requirements:

- The organization limits its [exempt function](#) solely for the purpose of influencing or attempting to influence the selection, nomination, election or appointment of any individual to any state or local political office or office in a state or local political organization.
- The organization is required under a state law to report to a state agency (and the organization does so) the information that otherwise would be required to be reported on Form 8872. The organization will meet this requirement even if the state law does not require reporting of the identical information required on Form 8872, so long as at least the following information is required to be reported under the state law and is reported by the organization:
 - - The name and address of every person who contributes \$200 or more in the aggregate to the organization during the calendar year and the amount of each contribution, and
 - The name and address of every person to whom the organization makes expenditures aggregating \$500 or more during the calendar year, and the amount of each expenditure.

However, if the state law requires the reporting of any additional information specified in Internal Revenue Code section 527(j)(3), the organization will meet this requirement only if it reports that additional information to the state agency;

- The state agency makes the reports filed by the organization publicly available;
- The organization makes the reports filed with the state agency publicly available in the manner described in Code section

6104(d); and

- No federal candidate or office holder controls or materially participates in the direction of the organization, solicits contributions to the organization, or directs any of the organization's disbursements.

(Note: The following is only required when deposits exceed, or are anticipated to exceed, \$25,000. ~~~nancy)

Form 8871 Initial Notice

To be exempt, a political organization must give notice [electronically](#) to the Service that it is a political organization described in Internal Revenue Code section 527, unless an [exception](#) applies. An organization must file an amended notice within 30 days after the occurrence of a material change in the information reported, and a final notice upon [termination](#) of the organization. All electronic notices are filed at the IRS [Political Organizations Filing and Disclosure](#) site.

Additional information:

- [Contents of Form 8871](#)
- [Form 8871 instructions](#)
- [Publication 4216](#), *Political Organization Filing and Disclosure Filing Process User Guide*

Note: The relationship is “Connected” if the organization and that entity have (a) significant common purposes and substantial common membership or (b) substantial common direction or control. The relationship is “Affiliated” if either the organization or the entity owns at least a 50% interest in the capital or profits of the other. See Appendix A, of publication 4216, for further explanation.

(The enclosed was send on SLTDC letterhead and was recommended, by IRS Agent Mrs. Turner, to provide a written response, from the IRS, verifying the verbal clarifications she gave me on November 8, 2018. IRS has not yet responded.)

Internal Revenue Service
ATTN: EO Entity
MS 6273
Ogden, UT 84201

November 30, 2018

Re: EIN Clarification—South Lake Tahoe Democratic Club (SLTDC), EIN 37-1837111

Dear Determination Official:

I'm writing to get clarification on the Employee Identification Number assigned to the SLTDC. This number was requested and issued in September 2016. The defining category selected, at the time, was Charitable Nonprofit 501(c)(3) and the Club filed the 2016 Form 990 with that designation.

Further review of the Club's purpose determined a 501(c)(4) designation was more appropriate to our mission to advocate for equality and progress in our communities. An application to obtain tax exempt status, under 501(c)(4), was filed on February 20, 2018.

We received IRS letter dated July 25, 2018, explaining reporting requirements that were likely unattainable because of increased involvement with local, Regional, and National political activities. Additional counsel from the IRS (Jamie Heitbrink, Emp ID #0203111) recommended we withdraw our application due to the preponderance of work the Club has performed in "advocating, for or against, candidates for public office." Our withdrawal letter, dated September 13, 2018, was acknowledged in IRS's letter of September 24, 2018.

My question: Is there a need to re-establish the EIN with a category more fitting to our mission and organizational purpose? We are a small Club that might best be described as an entirely Community/Volunteer organization. We have annual income, far less than \$25,000, based on annual member fees; no investment income; and no paid employees. This means also foregoing the 527 designation and, essentially, having no filing burden for forms 8871, 8872, or 990; nor form 1120 POL. I want to make sure I'm interpreting both website information and the various agents' clarifications correctly.

Sincerely,

NANCY J. GIBSON
Secretary
Ph: 530-598-8293