

# **LCA Board Meeting 2008.01.24**

## **Meeting Summary and Minutes**

**LOCATION:** "Ailanthus House" (4811 Springfield Ave.)

6:50pm walk-thru

7:05 pm Convened

**PRESENT:**

Misia (Tree House),

Naima (Nyumbani House),

Ada (Percolator),

Teresa & lil' Gus (4722),

Clarissa (A-Space/4722)

Robert, Sebastian, Fran (Ailanthus),

Russell (Shofam)

Julie (Vortex)

**MINUTES taken by Sebastian Petsu, Ailanthus Assistant Board Rep.; edited and submitted by Robert Monk, LCA Secretary**

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**SUMMARY & TABLE OF CONTENTS**  
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**I REGULAR AGENDA ITEMS**

- A) Insurance/Safety Walk-thru Inspection (Ailanthus) >>> **Several action items**
  
- B) Next meeting >>>**Nyumbani (1014 S. 47th St.), Feb 26th, 6:45pm**  
**(PER REVISION SUBSEQUENTLY VIA EMAIL)**
  
- C) Community Check-ins >>>**Nyumbani probably moving out in 3-6 mo's.**
  
- D) Financial Report (see attached Appendix A - 'Financial Report')
  
- E) Maintenance committee report >>> **Difficulties scheduling a meeting**

**II BUSINESS TABLED FROM PREVIOUSLY**

- A) Progressive Dinner Planning >>> **February Saturday 2nd.**
- B) Non-cash donations (see attached Appendix B) >>> **Robert to give OK to Jay Sand / LAVA**
- C) Roofing Options >>> **Pay with mortgage-secured loan**

**III NEW BUSINESS**

- A) Loan options >>> **RESOLVED: Get a loan up to \$200,000 for immediate repair needs.**
  
- B) Late Rent Policy Case: Individuals' >2 mo's late but not affecting community cost-share payments >>> **Revise policy to allow for a step internal to community**

**IV TABLED ITEMS**

- A) DISCUSSION: criteria for spending from communities' \$4000 annual maintenance discretionary budget
- B) ACTION: Collection of updated tenant leases for all tenants, and membership agreements for any new members.
- C) ACTION: Planning for NASCO membership fundraising.
- D) PROPOSAL: Reducing board meetings to quarterly and providing for month-to-month

oversight needs with smaller committee mtgs.

E) PROPOSAL: Allow phone/internet expenses as "maintenance" for communities with need.

### **ANNOUNCEMENTS**

A) Bring signed leases to next meeting

B) Robert looking into various options to get exemption from property tax. Please review info and provide input.

### **SUMMARY OF ACTION ITEMS THROUGH BOARD MEETING 20080130**

#### **NEW:**

**\* Ailanthus to establish 3 ft. clearance around furnace, repair slat on attic ladder, 3rd floor smoke detector needs to be taken down and checked.**

**\* Robert to coordinate notification and details of inkind donation receipts with LAVA/ Jay Sand**

**\* Maintenance Committee to coordinate roofing estimates, review them, and choose roofing contractor.**

**\* Robert to pursue question with Kurtz re: discount pricing for multiple simultaneous roofing jobs in same neighborhood.**

**\* Robert to follow up with Commerce and other lenders, coordinate input on loan amounts and maintenance needs, coordinate signing with other LCA officers.**

**\* Julie will edit the wording of the Late Rent Policy to reflect the approved changes.**

**\* Ailanthus to report results of Late Rents Policy 'financial consultation' to LCA Board.**

#### **PREVIOUS:**

#### **ROOFING ACTION:**

**\* Teresa to get cost comparison info through Jaysun.**

**\* Teresa to explore financing with NASCO (see "Financing and/or House Sale", below).**

**\* Jennifer to arrange for dangerous slate to be secured at Tree House.**

**\* Maintenance Committee to review existing roofing bids for cost-comparison clues.**

**OTHER ACTION:**

- \* **Jennifer to relay to her community, the Board's concern about overdue overdue receipts.**
- \* **Board to discuss debt repayment schedule with Nyumbani at its March meeting.**
- \* **Secretary to inform Bookkeeper, Collector, and Treasurer of forbearance for Nyumbani.**
- \* **Tree House correct walk-thru inspection issues.**
- \* **Ada to follow up with Julie on roof leak status.**
- \* **Julie to follow up with Trama, in the roof event leak persists.**

# MINUTES - LCA Board Meeting - January 2008

## I REGULAR AGENDA ITEMS

A) Insurance/Safety Walk-thru Inspection (Ailanthus).

**ACTION ITEM: Ailanthus to establish 3 ft. clearance around furnace, repair slat on attic ladder, 3rd floor smoke detector needs to be taken down and checked.**

B) Next meeting >>>Nyumbani (1014 S. 47th St.), Feb 26th, 6:45pm  
(4722 will be March meeting)

The original time set during the meeting was Feb. 27th. The date was re-arranged over email subsequently.

C) Check-in's

Ailanthus House Check-in: no major maintenance issues, last work day at Ailanthus was used to do an extensive walk-thru making a list of current and upcoming maintenance issues, gutters were cleaned. gutters NW side have been patched so much they are too shallow to be effective, might need to be replaced.

Vortex- front staircase removed to rebuilt over the next few months (back staircase still functional), mice problem seems to have subsided

4722- Locks were glued shut last night (Wooden Shoe books had locks glued as well,) all else is fine

Treehouse- Jennifer returned after some time away, not much progress on roof, water damage in guest room, Russell fixed back door,

Nyumbani- squirrel hole patched up, floor keeps coming up in certain places and needs repatching, no mice sightings for a month

Percolator- no new maintenance issues, water still coming into Ian's room though only occasionally, not every time it rains.

Shofam- Fred's big screen TV threatened by roof issues, a minor mouse issue-- droppings are apparent

#### D) Financial Report

1) see attached Nyumbani says december paid, Treehouse january paid, quarterly.

2) financial/quarterly info doesn't seem to be accessible through vortexhouse.org/lca though it should. robert will work on this and email the listserv

#### E) Maintenance committee report-

Robert, nothing new wants to share more responsibility

## II BUSINESS TABLED FROM PREVIOUSLY

A) Prog dinner- February Saturday 2nd. Appetizers 5pm Nyumbani, Treehouse main course, dessert Shofam

#### B) Non-cash donations:

1) Robert reported on his review of IRS information indicated by Jay. Robert's interpretation is that the recipient organization need not report noncash receipts to IRS except if the item is subsequently sold for cash or transferred to a non-charity. The responsibility for establishing the value of noncash items rests with the tax beneficiary claiming the donation as a tax write-off.

2) The Board approved by consensus to authorize LAVA to issue receipts for in-kind donations received in the name of LCA.

**ACTION ITEM: Robert to coordinate notification and details with LAVA/ Jay Sand**

#### C) Roofing options

Misia: no new info on Treehouse roof.

Julie: Confusion working toward estimates from two different Gregs (Greg and "Greg the Guru").

**ACTION ITEM: Maintenance Committee to coordinate estimates, review them, and choose roofing contractor.**

2) Kurtz roof estimates \$22,000 for Shofam, \$40,000 for Tree House.

Kurtz doesn't do financing.

**ACTION ITEM: Robert to pursue question with Kurtz re: discount pricing for multiple simultaneous jobs in same neighborhood.**

3) Funding the Work

\$28,000 total available (gen. maintenance + emergency). See 'Loan Options', below.

### III NEW BUSINESS

A) Loan options

1) Robert proposes making roof down payments immediately. General feeling of wanting to secure loan before committing/making down payment for roof.

2) Robert: Expect a \$1000 per month payment for every \$100,000 borrowed, at 7% APR financing on a long-term loan.

3) Russell pointed out that the longer we delay roof fixing, the more our equity is hurt through related maintenance issues such as mold.

4) Consensus reached that roofer decision can be made by Maintenance committee once decision for how to get money (loan or house sale, etc.) is decided.

5) Teresa: Selling a house--- the only option is to sell Vortex to Vortex since otherwise a community will have to move out. NASCO recommends co-ops get loans for long-term capital items, since it allows the co-op to distribute long-term costs to all the people who will benefit, rather than burdening only the people around at the time the cost is incurred. Going for a loan at least delays selling a house (which may be inevitable anyway.)

**6) PROPOSAL APPROVED by consensus:**

**Authorize LCA Officers to Obtain Financing by Mortgaging Property**

WHEREAS: Current reserve funds and the annual maintenance budget are inadequate to maintain the LCA properties as habitable for the long term,

THEREFORE, BE IT RESOLVED, THAT: The LCA authorizes its Board and officers to seek and obtain a mortgage-secured loan of up to \$200,000, for the purposes of a) immediately paying for new roofs for Tree House and Shofam, and b) paying for further needed maintenance in case the regular budget cannot cover both new maintenance and the principal and interest for the new loan here proposed. Although the Board and Officers are hereby authorized to obtain a loan up to \$200,000, it is the intent of the Board to borrow only what is needed for urgent maintenance and to

provide for our security in fulfilling the terms of the loan. The amount of the loan shall be additionally limited, such that the monthly payment of principal and interest for the loan may never exceed \$2500.

BE IT FURTHER RESOLVED, THAT: Through diligent exercise of their extensive rights under the LCA by-laws, each and all LCA members shall take responsibility to ensure the LCA provides for new principal-and-interest costs associated with any new debt by either raising cost-share equal to the principal-and-interest payments associated with the new debt, within 5 years of the LCA beginning payment on the note for the debt, AND/OR by effecting some other reliable source for increased available revenue, very likely the sale of an LCA property and dedication of a part of the proceeds as an endowment for that purpose.

**ACTION ITEM: Robert to follow up with Commerce and other lenders, coordinate input on loan amounts and maintenance needs, coordinate signing with other LCA officers.**

B) Late Rent Policy Case: Individuals' late rent when not affecting community cost-share payments

1) Ailanthus House has a member 2 months late in rent, though community itself remains current with maintenance collection and LCA monthly costshare.

2) Robert's proposal was **approved by consensus**: that late rent policy be amended such that communities that are not themselves two or more months late with LCA cost-share may decide to handle the policy's initial financial consultation ('step one') internally OR with the LCA Board, as the situation merits. Further, that to remain in compliance with the Late Rent Policy the community must report to the LCA the results of the consultation, including any agreements reached with the individual who is late with rent.

**ACTION ITEM: Julie will edit the wording of the Late Rent Policy to reflect the approved changes.**

**ACTION ITEM: Ailanthus to report results of its 'financial consultation' to LCA Board.**

## Appendix A - Finance Report

### January 2008 Financial Report:

#### Who owes what:

**Ailanthus** -- All Paid up

**Nyumbani** -- Owe \$202 (Old Cost Share) & Dec. Cost Share, \$1384 unspent maintenance money, Q1 financial report

**Percolator** -- Owe Q1 financial report

**Quilumbo Shofam** -- Owe \$1030 Jan Cost Share, Final Financial Report and receipts from Q1,2,3, Q1 financial report

**Tree House** -- Owe \$469.99 (Oct 05) & Jan Cost Share, Financial Reports FY06-07 Q1&2, Receipts from FY05-06 Q2-4 and FY06-07 Q1-4, Q1 financial report

**Vortex** -- All Paid up

**4722** -- Q1 financial report

**Pentridge Children's Garden** -- \$213 this year's property tax

**Harmony House** -- Owe Jun06, Jul06, Sept, Oct, Dec, Jan, Feb, April'07-Jan'08. loan installments (received a payment in 8/06, 11/06 & 3/07)

**Harmony House** -- \$10976 Debt from FY03-04 & 04-05 & 05-06 (Original Debt was \$7600 in Owed Cost Share + in \$5076 Owed Maintenance, so far they have paid \$1600)

#### Current Balance:

\$18,914 in our general fund (This can be used for maintenance grants)

\$10,000 in our emergency fund (the goal is to have \$10,000 for emergency maintenance)

\$13,200 set aside for our property taxes which are due in February (I am setting aside \$1200 a month)

#### Agenda Items:

#### Notes:

\$700 final payment was sent to Garth Gill for furnace work at Percolator

IRS 1099R sent to Kent Larrabee

IRS 990 and 1096 finished

Don't have Pentridge Children's Garden Property tax bill yet (all other properties total to \$14,224)

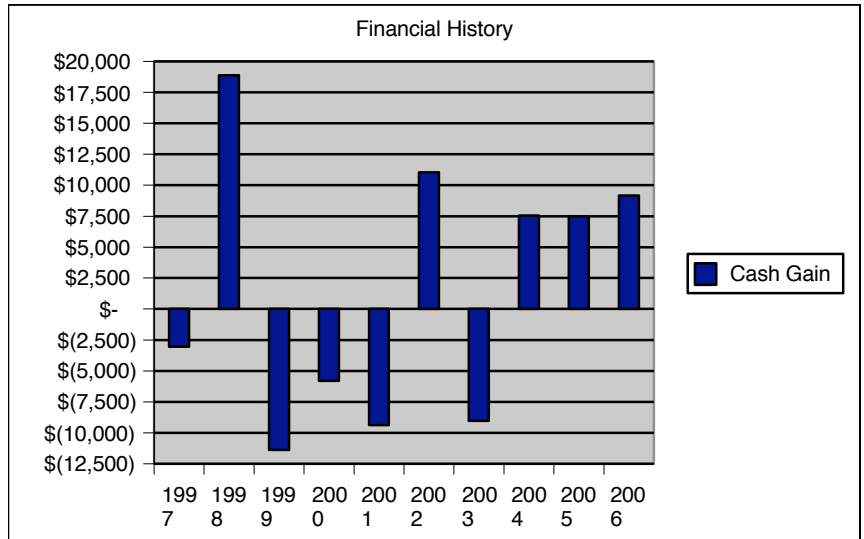
## LCA Q1 Financial Report (07-08)

Income	Q1	Q2	Q3	Q4	07-08 Total	07-08 Budget
Cost Share	\$22,780.00				\$22,780.00	\$84,000
Unspent Maintenance	\$218.00				\$218.00	\$-
Interest	\$39.71				\$39.71	\$130
Workshop Facilitation Grant	\$-				\$-	\$-
Misc.	\$-				\$-	\$-
<b>Total</b>	<b>\$23,037.71</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$23,037.71</b>	<b>\$84,130</b>

Expenses	Q1	Q2	Q3	Q4	07-08 Total	07-08 Budget
Annuity	\$1,230.00				\$4,920.00	\$4,920
Mortgage Interest	\$359.38				\$4,930.03	\$1,500
Mortgage Principle	\$1,164.17				\$1,164.17	\$4,594
Licenses	\$-				\$-	\$300
Taxes	\$-				\$-	\$15,000
Insurance	\$5,319.14				\$5,319.14	\$21,000
BookKeeping	\$590.00				\$590.00	\$600
Operating	\$35.00				\$35.00	\$100
Misc.	\$2,400.00				\$3,100.00	\$3,300
Maintenance Grants	\$975.00				\$975.00	\$30,000
Workshop Facilitation Grant	\$-				\$-	\$400
Escrow Interest	\$20.44				\$81.76	\$90
<b>Total</b>	<b>\$12,093.13</b>	<b>\$3,473.99</b>	<b>\$2,773.99</b>	<b>\$2,773.99</b>	<b>\$21,115.10</b>	<b>\$81,804</b>

<b>NET</b>	<b>\$10,944.58</b>	<b>\$(3,473.99)</b>	<b>\$(2,773.99)</b>	<b>\$(2,773.99)</b>	<b>\$1,922.61</b>	<b>\$2,325.80</b>
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Balance Sheet		
<b>Assets</b>		
Cash	Commerce Bank	\$43,848.72
	PFCU	\$339.74
	<b>Total</b>	<b>\$44,188.46</b>
	Emergency fund	\$10,000.00
	Operational funds	\$34,188.46
Escrow	PFCU	\$7,088.47
<b>Liabilities</b>		
	Kent's Annuity	\$4,920.00
	Mortgage (Com. Bank)	\$14,191.28



**LCA Board Meeting 2008-01-24**  
**APPENDIX B**

**From:** Robert Monk <robmonk@banecorp.com>  
**Date:** January 16, 2008 6:42:10 PM EST  
**To:** Stephen Pyne <steve@vortexhouse.org>, Jay sand <jay@fundamentalchange.net>, Misia Denea <misiadenea@gmail.com>  
**Cc:** Michael Froehlich <michaelfroehlich@yahoo.com>  
**Subject:** LCA FINANCE--in-kind (aka "noncash") donations

Steve (Jay - donor; Misia - Treasurer),

Jay has sent me a couple links to IRS information about in-kind donations. From what I can make out, the donee receiving an in-kind (IRS calls it "noncash") contribution doesn't need to do anything -- not even assign a value to the donation when they issue a receipt to the donor acknowledging and describing what the donation was. The donee only has to report in-kind donations if they turn around and sell or transfer interest to the item(s) in some way that is not directly a charitable act related to the exempt purposes of the organization.

The rule at issue may be ensuring that any 'non-related business' (non-exempt activity) gets properly reported. If you receive and never re-sell a donation, you can't be making any 'unrelated' income, so they don't really care, except to see the receipt you have issued if the donor claims a deduction for the donation (the donor provides the receipt to the IRS). There is a bit in form 8282 about the donee 'intending' to use the noncash property, but I think the form is still not required except if interest (ownership or use) in the item is transferred out of the donee organization.

If LAVA sells their building within 3 years of claiming the donation (receiving the donation?), the value of the materials portion of the physical improvements involving the materials might have to be reported by the LCA as 'non-related business income'/capital gains, which is taxable. Even then, though, the income from sale of a property was neither planned nor foreseeable, and on that basis I think it is exempt, too.

If I understand right, it is the donor's responsibility to 'substantiate' the value claimed for any noncash donations. The only time the donee has to substantiate the value is if they 'realize' the value through a sale or transfer (or rental or...). We might be able to help Jay substantiate his claim by somehow recognizing its value explicitly. However, if Jay has receipts showing value, maybe we shouldn't even go there.

Instructions for when to use a separate form to report about noncash receipts may be found at...

<http://www.irs.gov/charities/charitable/article/0,,id=123202,00.html>

... and in the form for donees reporting a not-directly-charitable transfer of noncash items that were originally donated (and reported as a deduction by the donor) not more than 3 years prior:

<http://www.irs.gov/pub/irs-pdf/f8282.pdf>

Other links Jay dug up include:

<http://www.irs.gov/instructions/i8283/index.html>,  
<http://www.irs.gov/instructions/i8283/ch02.html#d0e386>