



by Ken Emerson

ACCENT ON MANAGEMENT

Conference highlights

A discussion on civil rights and the private club was the highlight of the Annual Conference of the National Club Assn. at San Francisco's Mark Hopkins Hotel, February 2 to 4, which also elected its officers and directors for the year.

"Operation Aware: A Civil Rights Dialogue" was the subject of the February 3 afternoon session of the association. The panel discussion included Steve Early of Westchester County, N. Y., and Middlebury College, Vt., organizer of several recent protests against private social clubs in the New York area. Other participants in the panel were Harry J. Keaton, Esq., of Los Angeles and a spokesman for the conservative point of view. The panel discussed social versus civil rights as they concern private social and recreational clubs, raising the question of whether there is such a thing as a "right of private association."

Other pressing questions from the world of private clubs that were discussed at the San Francisco meeting included: Will today's young people seek membership in private clubs; What impact will unions have on the club industry; Does the Tax Reform Act of 1969 single out clubs for especially harsh treatment?

Representative John H. Dent (D-Pa.) and the association's newly-elected officials were honored at a reception February 2.

The next day, February 3, association members heard Harry J. Keaton, West Coast labor attorney, discuss the problems involved in dealing with union organizers. At lunch that day Congressman Dent reviewed the new Minimum Wage Bill which he is sponsoring. The NCA was presented with a Distinguished Service Award for its work with the Office of Civil Defense.

On Wednesday, February 4, Jack P. Janetatos, Washington, D. C., NCA counsel, conducted a tax clinic during which he reviewed the Tax Reform Act and its impact on private clubs. Part of his talk covered the manner in which the taxes are computed:

"The computation begins with gross income. This includes all funds which come into the club. You then deduct from this your 'exempt function income' and then you deduct the expenses—the usual deductions—which were directly connected to the production of your non-member income.

"The main complexity concerns the determination of what is exempt function income. The new law has a complex and difficult definition for this term. It is meant to include income received from members or dependents or guests, for goods, facilities or services in furtherance of the club's social and recreational purposes. This means that income received from non-members is not exempt function income. Thus, if the Rotary Club has a luncheon at your club, even though sponsored by a member, this income will be taxable, even where it falls within the permitted 5 per cent. Investment income will not be exempt. If you receive interest from a savings account or interest on Government bonds or dividends on stock, these funds will be taxable in all cases. If you sell stock held for investment, your club is taxed on the gain.

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"If, however, you sell property used in performing your exempt functions you will not be taxed on that gain if you reinvest the proceeds of the sale in other property used for your exempt purposes. If you do not reinvest the funds, you must pay a tax on the gain.

"Income which your club receives and which is set aside for charitable purposes will not be taxed. This permits your club to hold charitable functions and to exclude the proceeds from taxable income.

"It appears that all of the old rules regarding retention or loss of exempt status remain even though we have this new tax. If you violate the 5 per cent rule, you may jeopardize your tax exempt status even though you are paying tax on that income. The new law has not solved our old problems, but has perpetuated and made them even more important to us today since auditing revenue agents will now be examining your club's books looking for added revenue. You, as a club official must now, more than ever, understand the tax rules applicable to your club."

Janetatos said that the IRS must now write regulations which will answer club managers' most pressing questions. However, this is an immense task.

"We anticipate that we will not see even a first draft of the regulations until late 1970 at the earliest."

This means that clubs must operate under the new law for at least a year without the benefit of regulations.

"You may expect to receive guidance from NCA during the year as our own studies reveal solutions to your problems."

Elections

Edward J. Drew, general manager of the Quinnipiack Club in New Haven, Conn., was elected president. He has served as both secretary-treasurer and vice president, the office he held last year.

He is also a former president of the Connecticut Club Managers' Assn. and a past regional director of the Club Managers' Assn. of America.

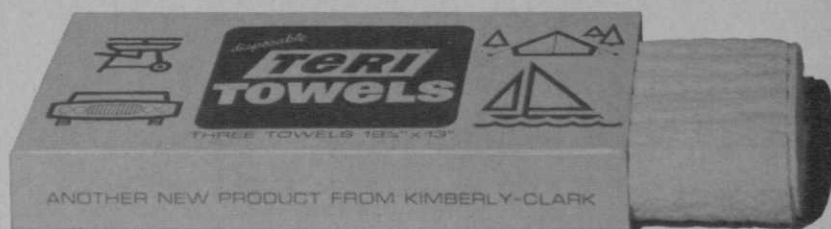
Other officers elected at the meeting were: Vice Presidents, Cyril F. Brickfield, Bethesda CC; Paul J. McGraw, Country Club of Ithica, N. Y., and William S. Roach, Mill River Club, Long Island, N. Y. Named secretary was Willard Steger, River Oaks CC, Houston, Tex. George C. Delp,

Lancaster CC, Lancaster, Pa., was elected treasurer.

Four new directors were also elected to the board. They are A. Doris Anderson, University Club, Baltimore, Md., the first woman to be elected to NCA's board; Joseph S. Finger, golf course architect from Champions GC, Houston; Al Meillon, California G & CC, San Francisco and Vernon W. Lowell, Old Westbury G & CC, Westbury, N.Y. □

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