



## IRS guidelines: A little less confusion

The release of the Internal Revenue Service Guidelines to the Tax Reform Act of 1969 on May 12th, 1971—13 months late—provided few surprises.

Covering 40 typewritten pages, they provide expanded definitions of "unrelated business taxable income," "exempt function income" and "directly connected expenses." These terms are of great importance to non-profit clubs calculating their unrelated business tax.

In general the new law is designed to impose a tax on all income from nonmember sources. The guidelines define "exempt function income"—that income not subject to tax—as "gross income from dues, fees, charges, or similar amounts paid by members in connection with the purposes constituting the basis for the exemption of the organization." To this category the guidelines add "passive income"—interest income—that is set aside for charitable purposes.

The guidelines further define "directly connected expenses" as those expenses directly connected with the production of the unrelated business taxable income and which are incurred in the production of that income. The guidelines specifically exclude from this category all dividends received deductions. However, it appears that such expenses as depreciation, maintenance, overhead and such administrative expenses as can be documented will be allowable deductions.

"Unrelated business taxable income" is defined in the guidelines as "gross income (excluding exempt function income) less those deductions directly connected with the production of the unrelated business taxable income."

Probably no single issue in the law has stirred as much concern as the limiting of exempt income to that income "paid by a member" and its possible application to corporate checks. After a lengthy meeting early this year with the National Club Assn., IRS now has added the following clarification to the guidelines.

"The fact that a member is reimbursed by his employer or a gratuitous donor for amounts paid to a social club . . . will not prevent the amounts so paid from being considered to have been paid by the member . . ."

The guidelines then go on to make clear that when a company pays a member employee's account for the benefit of the member employee, the payment will be considered to have been paid by the member. When the beneficiary is the company, *i.e.*, the company Christmas party, the payment will be considered to be taxable income.

Much of the remainder of the guidelines are given over to specific examples which will certainly help many clubs with specific problems. However to further resolve these problems IRS has also issued Revenue Procedure 71-17.

Rev. Proc. 71-17 is particularly significant because, as of July 1st, it replaces the old Rev. Proc. 64-38, the so-called "5% guideline." The new procedure deals almost exclusively with the use of a club's facilities by nonmembers.

Of great importance to clubs in determining whether or not they are within the "5% guideline" is 71-17's definition of gross receipts. Among the source of income excluded under the new definition are: 1) Initiation fees and capital contributions and 2) Interest, dividends, rents and similar receipts.

Of even greater importance to

clubs, both profit and nonprofit, is the new procedure's requirement on determining the status of nonmembers. The procedure reads:

1) "Where a group of eight or fewer individuals, at least one of whom is a member, uses club facilities, it will be assumed for audit purposes that the nonmembers are the guests of the member, provided payment for such use is received by the club directly from the member or the member's employer.

2) "Where 75% or more of a group using club facilities are members, it will likewise be assumed . . . that the nonmembers in the group are guests of members . . ."

"In all other situations, a host-guest relationship will not be assumed *but must be substantiated*" (italics are the author's).

With respect to the preceding paragraph the IRS will require the keeping of specific records for each use of the club by nonmembers *even though the member pays initially for such use.*

Included as part of these records will be a signed statement by the member who is hosting a party of more than eight persons saying whether he has been or will be reimbursed for such nonmembers as are present and if so, the amount of the reimbursement, who made it and for what purpose.

Rev. Proc. 71-17 goes on to say that where such records are not maintained or are not made available to the IRS for examination, the use of the minimum gross receipts standard will be precluded.

Copies of both the regulations and Revenue Procedure 71-17 are available from the NCA which will be filing its comments on both with the IRS within the next 30 days and which is presently developing the forms which will supply the information required of clubs by IRS. □



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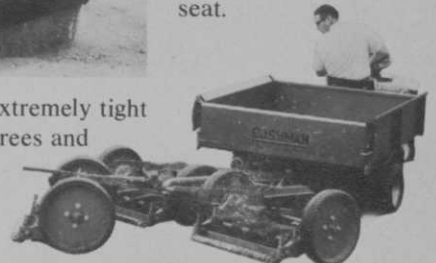


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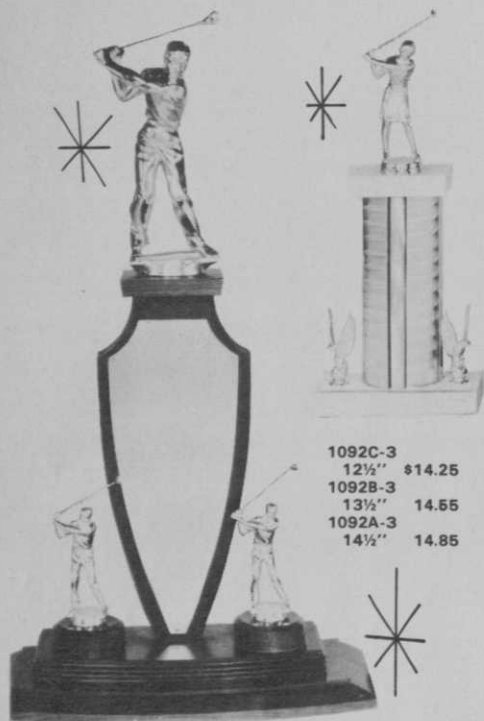
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### A toast to the women in golf

In the 40-some years I've been writing about golf business and play I can't remember having written about the immensely valuable work women have done in the golf business. Nor do I recall that anybody else has written about it either.

So, gentlemen, it's damn near time we said, "Thank you, ladies."

The Professional Golfers' Assn., Golf Course Superintendents Assn. of America and Club Managers Assn. of America long have forgotten smart and faithful businesswomen who had a great deal to do in getting these associations firmly established.

There was **Irene Blakeman** who was secretary to P.C. Pulver, who was in effect first executive director of the PGA and editor of its magazine. He had other jobs and other troubles. Mrs. Blakeman never had so much to do in that crowded little office. She could cheerfully help any professional who dropped in. The cubbyhole on Fifth Avenue also was headquarters for the Metropolitan PGA. Durable and still lively Johnny Inglis, many years Met president, can testify that Irene Blakeman did the work of a half dozen bright women. When the PGA moved headquarters to Chicago and Albert W. Gates became commissioner, Mrs. Blakeman went along.

In the early days of the GCSAA, when the organization was known as the National Assn. of Greenkeepers, it had as its office manager, magazine editor and a third of its headquarters staff at Cleveland, comely and energetic young **Gertrude A. Farley**. She wrote and published in 1931 "Golf Course Commonsense," which still stands up as an impressive elementary textbook on course management.

When the CMAA was in its youth

and its magazine needed a girl who could and would do far more work than the outfit could afford to pay her for, **Catherine McBride** started with the outfit. She had plenty to do with the nursery work of the CMAA.

District golf business organizations, amateur and professionals, have had great luck in getting Wonder Girls. **Carol McCue**, executive director of the Chicago District Golf Assn., went with the CDGA in 1942 to do secretarial work on the Hale America National Open, co-sponsored by the CDGA, the United States Golf Assn. and the PGA for the benefit of Navy Relief Society and United Service Organizations.

She was impressively efficient and fell in love with the job and the Chicago golfers fell in love with her. When a task is delegated to her, it is done. Carol McCue, more than anyone else in golf, put across the charter plane flights of district golfers. The CDGA told her it liked the idea of a group one-day flight to the Masters, and she put it across so well that this year's was the CDGA's 13th Masters trip. A salesman for Capital International Airways came to the CDGA with a deal for charter overseas flights for golf vacations. The CDGA put Carol on that job, too.

Another great organizer and doer for district golf associations is **Peg Burnett** at Philadelphia. The very handsome Peg has been on that job longer than you would guess to look at her.

PGA districts can point to their girls as businesswomen of championship class. **Marilyn O'Pace** of the Southern California PGA, I believe, is the first woman to run a PGA sectional office on an alert, first-class business basis.

**Millie Mix**, Florida PGA executive secretary, is credited by Florida

(Continued on page 16)



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officials as having made their jobs easier and more effective by giving the fellows efficient handling of paperwork.

At PGA headquarters, when Bud Harvey started to make a real magazine out of the Professional Golfer, he got three very smart women on his staff: **Connie Madsen**, **Jackie Brett** and **Pat McCarthy**. Many professionals should have the good results with their instruction and

shop problems that Harvey as PGA's editor has with his staff.

PGA sections have been putting their sectional operations on business levels higher than many clubs. There are usually experienced men in these PGA section jobs, but in addition to the All Stars, Marilyn O'Pace and Millie Max, recent valuable businesswomen aiding professionals' progress are **Darlene Gomes**, executive secretary in Northern California; **Allern Parker**, executive secretary of the Philadelphia Section; **Nancy Sons** for the

Tennessee section and **Elaine Sabat** for the Tri-State section, and **Mickey Biermann**, as corresponding secretary of the Eastern Missouri section.

**Dorothy Carey**, secretary, Chicagoland GA, the fee course owners' association in that area, is an authority on successful management of golf courses.

Years ago there was with the Massachusetts GA a charming and able businesswoman, **Mrs. Nickerson**. She had something to do with the association's hunch to cut costs by group buying, and she was the lady who went around pinching the melons and tomatoes.

Without any doubt the foremost businesswoman in international golf is **Doris Simms**, secretary to Fred Corcoran, tournament director of the International Golf Assn.

In planning and operating pro golf championships in Canada, United States, France, England, Spain, Singapore, Mexico, Australia, Argentina, Japan, Italy and in the calm and correct handling of the multi-lingual complexities of Corcoran's international tournament and tourist operations Doris Simms is known world-wide as the number one businesswoman of world golf.

**Nancy Jupp**, a Scottish lassie who worked in the PGA office is another one of the star business women in golf. Nancy worked for the golf promoter Ed Carter for a while then went in on her own as National Open Director at Hazeltine and at Merion and will do that job at the 1972 National Open at Pebble Beach.

In the background is a golf businesswoman star known personally by few. She's **Helen Kerander**, who has been ably running the office operations of the National Golf Foundation through the administrations of Rex McMorris, Harry Eckhoff and William Pack and now aids the foundation's executive director Don Rossi.

Wonder who the manufacturers say is the greatest business promoter in golf? The answer is **Patty Berg**. Manufacturers remark that if they ever had a male staff member working like Patty does to develop golf, the business would be twice as big as it is now. □



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TURFGRASS RESEARCH REVIEW

## Report on nutritional studies

**Agronomic turfgrass research report.** R.L. Goss. 1970. *Proceedings of the 24th Annual Northwest Turfgrass Conference*. pp. 90-92. (from the Western Washington Research and Extension Center, Washington State University, Puyallup, Wash.).

This report contains an updating on the status of some long-term nutritional studies that are being conducted on a 10-year-old colonial bentgrass turf at the Western Washington Field Research Station near Puyallup, Wash. The investigations of sulfur nutrition involve a multifactor study with various nitrogen and phosphorus levels included.

Colonial bentgrass plots receiving sulfur applications were superior in turfgrass quality, including shoot density, leaf texture and color. Wettable sulfur applied at 1.15 pounds per 1,000 square feet produced a reasonable response whereas 3.5 pounds per 1,000 square feet gave an even better response.

Certain qualitative changes within the turfgrass community also occurred in addition to the direct turfgrass quality response to sulfur. All plots that did not receive sulfur contained annual bluegrass, with some having percentages as high as 50 per cent. The annual bluegrass population was particularly high where a high soil phosphorus level existed. Plots receiving a combination of phosphorus and sulfur contained some annual bluegrass, but much less than the phosphorus treated plots without sulfur. Plots treated with sulfur contained little annual bluegrass. The author suggests that the sulfur is lowering the soil pH, causing the phosphorus to be tied-up in an unavailable state for plant growth. Thus, annual bluegrass growth is impaired.

*Comments:* Sulfur is an essential

macronutrient that is a vital constituent of certain amino acids as well as a requirement for protein synthesis. A sulfur deficiency disrupts protein synthesis and eventually impairs growth. Sulfur deficiency symptoms are characterized by an initial pale coloration of the lower leaves, which gradually progresses into a pale-yellow-green appearance of the above ground shoots.

Sulfur is fairly evenly distributed throughout the plant and is removed in turfgrass clippings in quantities similar to phosphorus. Sulfur is absorbed by turfgrass roots primarily in the sulfate form. The amount of readily available sulfur occurring in the sulfate form in soils is quite small because of its high water solubility. The sulfur content of soils is usually lower under conditions that accentuate the decomposition of organic matter and where leaching is severe.

The sulfur response reported in this paper is quite distinctive and unquestionably indicates that the turf is being impaired by a soil sulfur deficiency. In the past there has been no concern regarding possible sulfur deficiencies in turfgrasses because most of the fertilizers being used contained a substantial sulfur component. However, some of the newer turfgrass fertilizer formulations have a substantially reduced sulfur content.

**Rooting from sod by *Poa pratensis* L. and *Agrostis tenuis* Sibth.** J.H. Madison. 1970. *Crop Science*. 10(6):718-719. (from the Department of Environmental Horticulture, University of California at Davis, Davis, Calif. 95616).

The objective of this study was to investigate the source of the new roots initiated from transplanted sod and the effect of soil thickness on the source of new roots. Fifteen square inch pieces of Kentucky blue-

grass (*Poa pratensis* L.) and colonial bentgrass (*Agrostis tenuis* Sibth.) were harvested December 1, 1969. The sods were cut to soil thicknesses of approximately 0, 5, 1 and 2 inches. Three replications of each soil thickness treatment within each species were placed in medium-fine quartz sand flats. The transplanted sods were grown in a 68-degree F greenhouse with supplemental lighting that provided a 16-hour day length. Treatment evaluations included the number of roots and shoots produced after (a) 8, 15 and 22 days in the case of the bluegrass sods and (b) 8, 18 and 29 days in the case of the bentgrass sods.

Analysis of the data revealed that the number and rate of root development increased to 0.5 inch. An evaluation of the source of root initiation revealed that the first roots were initiated from the basal nodes of existing shoots.

The rate of root initiation from colonial bentgrass was much slower and more erratic than from Kentucky bluegrass at all soil transplant thicknesses. Only a portion of the bentgrass shoots initiated new roots from the basal nodes whereas all Kentucky bluegrass shoots initiated new roots. The roots produced from transplanted colonial bentgrass sod were associated with active growing shoots.

*Comments:* The thickness at which a sod should be cut for transplanting varies with (a) the turfgrass species, (b) uniformity of the soil surface, (c) soil type and (d) sod strength.

As illustrated in this paper, sod that is harvested relatively thin will root faster and more extensively after transplanting than thicker cut sod. The thin cut sod is also lighter in weight and easier to handle. One potential problem is that sod cut 0.5 inch thick or less is quite prone to injury from atmospheric desiccation if not kept moist at all times. □