

High Bar Harbor Yacht Club
Minutes of Board of Trustees Executive Session
March 16, 2018

Three board members, Tryg Dahl, Jay Kikkawa and Bill Crutchlow met by telephone on 3/16/18 from 12:15 PM to 1:05 pm.

Four pending issues were reviewed:

1. The IRS has requested the Club file IRS form 872 in order to extend the statute of limitations for Tax Year 2014 from 11/12/18 to 12/31/19. The IRS agent expressed to our accountant, Mercadien, that at least 1 year was preferable whenever she files a report. Mercadien reports that no other reason for the request was given. The Board decided to ask Mercadien to negotiate a reduced deadline of 3/31/19.

Update: Since the meeting, we received notice that the IRS has accepted our proposal for a 3/31/2019 deadline.

2. We have received a bill from Mercadien (\$22,000) for representing the Club in the 2014 audit. They have submitted detailed work product costs. Since the IRS report has not yet been received, the Board agreed to hold payment until the IRS report can be reviewed by the Board.

Update: Since the meeting, we did receive the IRS report. Our audit numbers were accepted. There were no additional findings introduced in this report.

3. In order to improve our bookkeeping procedures, the Board solicited, and then voted to accept a proposal from Mercadien to take over our bookkeeping services and to subcontract our payroll services. Our Treasurer reports that the bulk of the costs incurred for the audit originated from discovering and correcting bookkeeping errors. Mercadien communicated that our future tax preparation fees will decrease because less time will be spent obtaining accurate ledger information. Estimates are that our total combined cost for bookkeeping and tax preparation will increase by \$2k-\$3k in the first year and may decrease in future years as the workflow becomes more efficient.

Update: Pursuant to the above decision, we will no longer require the services of our current bookkeeper, Isabelle, and her services will terminate the middle of May. Any questions to her should be redirected via email to treasurer@hbhyc.com

4. The Board adopted a resolution to open a Citizens bank account in Delaware. This spreads our cash holdings among different banks in order to maintain cash balances within FDIC limits.