

# The Voice



**Like water in a clogged drain, bubbling to the surface...  
"We Have ISSUES!"**

## ***I*SSUE 1.**

April 3, 2012 At the GRF monthly meeting President Lloyd Foster read the following announcement :

*"For the past 14 years the Internal Revenue Service has considered the Golden Rain Foundation (GRF) an Internal Revenue Code section 501(c)4 tax-exempt organization, resulting in millions of dollars in tax savings. However, effective Jan 1, 2012, GRF will voluntarily revoke its tax-exempt status and operate as a section 528 homeowners association for federal income tax purposes, as it was in the years prior to tax-exempt status. This will afford the community more flexibility with respect to controlling the general public's access to GRF's common areas. Additionally, this change in federal tax status results in less onerous tax rules that must be followed and adhered to and less scrutiny by the IRS.*

*The decision to revert to section 528 status is a result of the IRS' scrutiny of tax-exempt homeowner's associations, including GRF. Both the IRS and the courts have focused on gated communities and have more consistently stated that restricting access to the common areas does not satisfy the requirements for tax-exempt status. Accordingly, under the current tax environment, the reversion to section 528 status was deemed prudent."*

That concluded the announcement with no fur-

ther discussion, HOWEVER the full statement can be seen on page 2 of the April 5<sup>th</sup> GLOBE, the online OC Register at ;

<http://www.ocregister.com/news/tax-347703-status-grf.html>

and the Laguna Woods Village website at;

<http://www.lagunawoodsvillage.com/article.cfm?id=4419>

just keep scrolling down to the bottom of the page!

Here's the part we question, because in both online versions we saw the following sentence when the full article was posted immediately after Mr. Foster's statement on April 3rd.

*"Going forward, the GRF Business Plan will reflect the anticipated tax payments and residents may see an increase in their monthly assessment as a result."*

You will no longer see this sentence. It was removed within a day of being posted! That's some of the ugly



Residents Voice  
Meetings  
Thursday, May 17  
Thursday, June 21  
CH #5 6:30 pm

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Addendum A & B	