

**BIRCH BAY VILLAGE COMMUNITY CLUB, INC.**

Association Resolution for Revenue Ruling 70-604 Election

WHEREAS, the Birch Bay Village Community Club is a nonprofit, mutual benefit corporation duly organized and existing under the laws of the State of Washington; and

WHEREAS, the members desire that the corporation shall act in full accordance with the rulings and regulations of the Internal Revenue Service;

NOW, THEREFORE, the members hereby adopt the following resolution by and on behalf of the BBVCC:

RESOLVED, that any excess of membership income over membership expenses for the year ended 2019 & 2020 shall be applied against the subsequent tax year member assessments as provided by IRS Revenue Ruling 70-604.

Explanation: A “Yes” vote approves the election under Revenue Ruling 70-604 to “roll over” any excess “member income” (as defined by the IRS) from the current tax year to the next tax year. This is an important tax planning tool for the Association that requires approval by the membership in order to avoid possible dispute with the IRS in the event of a tax audit. Approval of this election by the members provides the Association with protection from negative tax results, and possibly saves the Association money that would otherwise be paid in taxes. At the advice of our CPA, there are no negative consequences to approving this election, but there is the possibility of negative consequences if it is not approved. ([www.revenueruling70-604.com](http://www.revenueruling70-604.com))

DATE OF ADOPTION

June 5, 2020

ATTEST

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SECRETARY