



## Minutes of GCS Management Committee Meeting, 11/15/2012

**Present:** Steve Skolnik, Jerry Bonnell, Cathie Meetre, Shalom Fisher, Lore Rosenthal and John Mason.

All attending thanked Steve for the delightful refreshments.

We established that a quorum was present and unanimously approved minutes from the August 29<sup>th</sup> meeting (Moved, Meetre; Seconded: Skolnik).

### Summary of Actions:

Proposed due dates in parentheses.

- **Steve:** Check with Astrum to see if they intend selling any SRECs in 2012. (Nov. 30<sup>th</sup>)
- **Jerry :** Request year end P&L Statement and Balance Sheet from accountant (for use in GCS Annual Report). Negotiate with him to issue the checks, remove the QuickBooks licenses, reduce the accounting fee, and deliver K-1s by the end of January: (Dec. 15<sup>th</sup>)
- **Cathie & Jerry:** Draft letter to members explaining the year-end distribution and K-1 (Dec 15<sup>th</sup>). Draft annual report and circulate to the board. (January 6<sup>th</sup>)
- **Lore:** Get a copy of University Park's Annual Report

### Treasurer's Report

Though billed as a short report, this item took up most of the remainder of the evening ☺.

Jerry noted that the church has been prompt in paying its electricity bill and that sales have amounted to \$3,403.14 (including outstanding invoices). We have an outstanding insurance bill for \$872.50 that will be paid shortly. A motion was passed unanimously that we decline terrorism insurance (Moved Meetre, Seconded Skolnik). Jerry noted that next year we will have to pay the accountant.

The balance sheet shows that our worth, excluding the value of the installation itself and including member's equity and receivables, is \$21,245.87.

A spirited and occasionally labyrinthine discussion ensued on year-end payouts. We established that members were liable for taxes on their share of the 2012 income regardless of whether or not they received an earnings check, because an LLC is a 'pass-through' entity, meaning that it doesn't pay taxes on its own behalf – but via its members. In fact, given the impact of depreciation, K-1 amounts could be negative (even though everybody gets a check) if the depreciation outweighs the income – and will certainly be different from the amount of the check. At the time of issuance of the check, we will provide members with an explanation of what the check represents, and repeat this when the K-1 is issued. **(Action) Cathie is to draft an explanation for review by the board.**

It was moved and unanimously agreed, therefore, that we would pay out the members' share of annual income at the very end of December – so that members would correctly identify it belonging to their 2012's income (Moved Skolnik, Seconded Bonnell). The Schedule K-1 that is the IRS notification to members would be issued towards the end of January – and **(Action) Jerry was to work with the accountant to accomplish this** as the more relaxed IRS deadline could otherwise impact the ability of members to complete their personal taxes in February. Each member receives an individual K-1 in proportion to his/her/their paid-in share.

**Action:** Steve is to check with Astrum to see whether they intend to sell any SRECs this year.

We noted that it was important to communicate the following to the members:

- The payment received by members in the summer of 2012 was a return of investment and **is NOT taxable**
- The payment received in December **is taxable** because it is income.



- The taxable income shown on the K-1 will be LESS than the amount of the check received because it includes depreciation that partially offsets the income. Depending on the amount of net income and the effect of depreciation, the K-1 could be negative – representing a loss. If there is a loss, it would reduce taxable income for individuals filing federal and state taxes.
- That, so far, no SRECS have been sold because current prices are disappointing. This means that income received is well below the returns anticipated originally.

In addition, we determined that we don't need the two QuickBooks licenses, that we should get them off our bill, and should also negotiate the accountant's fee. The Treasurer was requested to perform these duties.

## Lobbying

Lore and Steve encouraged the board to recommend to the membership their active participation in a number of lobbies and forums, including MD-SUN and lobbying for solar farms. Steve is working with Dave Brosch of University Park (now an employee of MD-SUN and CPN/Community Power Network) to draft a letter to the PSC (Public Service Commission) in Favor of Solar Farms. John also presented a number of lobbying opportunities.

## Annual Report

Our bylaws require that we issue an Annual Report. *Lore was requested to get hold of the equivalent report from University Park.* Cathie undertook to draft the report and send to the Board for review. It will be distributed electronically when the K-1 is sent to the membership. The report will include financial information (balance sheet and profit and loss statements) and probably a projection of 2013 performance.

## GCS II Progress

Although we received an enthusiastic response from Laurel Presbyterian, the precipitous drop in SREC value and the reduction in government subsidies and grants means that the model we have used for GCS-I is probably not viable unless more government action is taken. We agreed to meet next month with the Laurel Presbyterian Church's property committee -- we're to present the 'project summary' to them along with the financing challenges, with the suggestion that the project could be more attractive to members of the congregation, as they would benefit directly from having the solar electricity.

It was discussed that finding a host site in Washington, D.C. could be advantageous since the sREC prices there are much higher (around \$300 at present).

## Next Management Committee Meeting

Cathie Meetre's house (166 Research Road, Greenbelt) at 7:30 p.m. on Wednesday, January 23<sup>rd</sup>.