

DRAFT
Minutes
Arizona Senior Academy Board Meeting Executive Session
October 1, 2025

Present: Diane Ashton, Michael Benson, Loran Dake, Stan Davis Kathleen Insel, Ann Ratcliff (Scribe), Tim Schiffer (CEO), Gary Fenstermacher, Bill McCourt, David Hook, Denise Bowsls Maureen Orr (HOA)

Absent: John Carruth, , Maria Dobozy Bruce Wright, A.P. Durand,

Guest: Nancy March, attorney

Tim Schiffer called the meeting to order at 10:05 a.m.

Approval of minutes:

Motion to approve minutes of the BOD executive meeting on July 16, 2025. Motion passed.

Budget:

- Financials were presented and discussed. When asked why the reserve contribution was not included in current financials, members of the finance committee reportedly did not want to intermingle monies from the capital account with the reserve account. The board recommended that while these accounts should be separate, both accounts should be reported in our financial information.
- Money for painting the ASA building was budgeted for \$11,000 but in fact came to around \$16,500. This discrepancy indicates how important it is to have an annual capital budget as well as a separate reserve fund.
- Motion (Fenstermacher/McCourt) to approve the annual ASA budget for 2026 with the proviso that a separate capital budget be prepared and discussed in the next 6 months. Motion passed.
 - Bill McCourt will meet with Paul Caputo, chair of the finance committee about this issue.
- Maureen Orr reported on plans for the new and revised entrance monuments to Academy Village. She asked ASA board to consider a contribution to this project. In the future.
- The IRS Form 990 (tax return for non-profits) has been examined by our financial committee and they made a few changes. These changed will be sent out to the Board to show evidence to the IRA that the board of directors have reviewed it.

New/returning Board Members for 2026:

- There are two openings for residents on the ASA board. Paul Caputo and Diane Ashton have agreed to serve on the slate of nominations from the Village. It is also important to open nominations to the village.

- There are 4 vacancies for ‘outside’ board members. Schiffer has asked for nominations. He has gotten several suggestions from John Carruth. Denise Bowls was asked to provide some suggestions from her contacts via the Vail Chamber of Commerce.

Legal Issues of ASA Members: Schiffer introduced Nancy March, an attorney hired to work with ASA in terms of answering specific questions relative to the legal issues facing ASA.

- Ms. March provided a powerpoint of her work with ASA to date. The powerpoint included Dr Koffler’s vision and the history of the relationship of Academy Village with the IRS. Her work was directed by the following questions and challenges:
- Questions Considered:
 - Are mandatory dues legal?
 - Could membership be expanded with different classes and criteria?
 - Must ASA have directors who are not ‘Villagers’?
 - Should ASC (Villas) be a separate entity?
 - What are the pros and cons of maintaining the current structure, making certain changes to the structure, and taking the organization completely private?
- The following ‘Organizational Challenges’ were considered:
 - Mission creep—the age of residents, less connection with University, related membership requirements
 - Residents don’t like mandatory dues
 - Tension between resident and community at large (dues enforcement, governance, membership)
 - Requirements of 501(C)3 status—public vs. private, charitable mission
 - Desire to maintain exemption from property taxes for both ASA and ASC
 - ASC does not continue to financially support ASA except to the extent residents at the Villas pay to become members of ASA
 - Misunderstanding or misuse of the term ‘members’
- To answer these questions and challenges Ms. March addressed the applicable law and legal concepts in terms of the following:
 - State vs Federal law
 - Internal Revenue Code
 - ‘Organized’ and ‘Operated’ Tests for achieving and maintaining 501(C)3 status
 - Consequences of noncompliance
 - Public charities vs Private Foundations
- Based on Ms. March’s interpretation of the information under the topics outlined above, she provided the following answers:
 - Are mandatory dues legal?
 - Reframe the question “Is the mandatory assessment of dues by a charitable organization consistent with it serving a public purpose?”
 - If one can ‘list’ ones’ members, this risks not being able to answer that ASA serves the public, however dues paid do not contribute directly to specific individuals, but to a larger group.

- It is important for ASA to continue its outreach to Vail schools and the wider community in order to maintain the 501(C)3 status.
 - There also needs to be an alternative way to raise money for ASA to continue with its 501(C)3 status.
 - The IRS has issued tax determination letters for dues payment based on the current structure of ASA and has not audited ASA based on subsequent tax reporting over the years.
- Different classes of membership
 - There can be different classes of membership however this issue is tricky, primarily because it implies 'individual' rights.
 - There is no reason under nonprofit law not to have different membership classes as long as one can answer the question about the organization also serving a public purpose.
 - Any changes made to ASA membership would have to be in accordance with the REA and CCRCs.
- Are 'outside' directors required?
 - Having outside board members is not explicitly required however if there are no outside members, the idea of being a charitable organization, needed to maintain 501 (C)3 status could be called into question.
 - More outside members than residents on the board would also help ensure the 'public' voice in governing the organization, thus making it less likely for the IRS to question 501(C)3 status.
 - There is a need to change the quorum rules to require a majority of outside members to make up any given quorum. In reality, this may be difficult to implement.
- Should non-members be allowed to elect board members?
 - There are pros and cons to this issue. If non-members could elect board members, this would help protect 501(C)3 status.
 - However it would be unwieldy and difficult to implement. The easiest way to approach this may be having some sort of membership status that include non-villagers.
- Should ASC be a separate legal entity?
 - Currently ASC is described as a 'supporting organization' for ASA and according to the IRS, if this is the case, it must be operated, controlled or supervised by the supported organization.
 - ASC actually acts more like a parallel organization than a 'supporting' one because it is not necessarily supervised, controlled, or operated by ASA and has financial independence. In addition its sole purpose is something other than supporting ASA.
 - If ASC files for its own tax exempt status, the advantages would be:
 - It is already functioning separately from ASA
 - A legal separation from ASA would insulate ASA from any liabilities relating to ASC.
 - ASC's activities would qualify it for 501(C)3 status

- A disadvantage would be the need for ASC to reapply for 501(C)3 status which is labor intensive and time consuming.
- Given the information obtained, Ms. March outlined the following options for ASA with pros and cons:
 - Maintain the status quo
 - Pros = this structure has passed IRS scrutiny over time
 - It honors original vision of ASA
 - Current dues assessment has been deemed legal
 - It does not require change that may raise IRS scrutiny.
 - Cons = there may be continued tension between dues paying people and those from community who do not pay dues
 - Risk that IRS could decide ASA operates only for the benefit of a specific group of individuals rather than the public.
 - There would be a need for additional sources of public revenue.
 - Keep ASA as a public 501(C)3 with nonresident members but change its revenue structure.
 - Pros would be the same pros as listed under maintaining the status quo
 - If non members were actively recruited, this may bolster the argument that ASA benefits the public
 - This would provide additional revenue
 - Cons include the manpower and time to implement new categories of membership and to collect dues from all.
 - Change ASA to a 501(C)3 private foundation
 - Pros = IRS rules no longer apply, therefore nonresident would not need to be on the board and less public disclosure information would be required.
 - Cons = there are differences in tax deductible giving limits between a public charity and private foundations that favor public charities.
 - There are mandatory distribution requirements
 - Activities of a private foundation are usually to make grants rather than operate programs. ASA does not really operate like a foundation.
 - Change ASA to a 501(C)4 social welfare organization
 - Pros = they can be private organizations and ASA would not need non-residents in its governance structure
 - Cons = this change would dilute the original concept of Academy Village
 - Any contributions would not be tax deductible, however they are not tax deductible currently.
 - Would require the work to reapply for tax-exempt status under a 501(C)4. The building would likely remain exempt from property taxes under state law, however this may depend on actual use of the building.

- Conclusions relative to Ms. March presentation
 - The Board is encouraged to consider the following ideas to help determine which option would be best:
 - Review the mission and vision of ASA and determine how important it is to retain the original vision.
 - Is it critical to maintain 501(C)3 status and why?
 - How committed is ASA to having a public focus?
 - Are there alternative sources of revenue available and can ASA pursue them?
- Final thoughts from attending board members:
 - It is important to have a clear idea of what our mission and vision is before we move into a strategic plan. Not sure we have that concept currently. However, thinking about a specific option may help us to determine our vision/mission.
 - Technology has made it difficult to participate in zoom meetings. It is important to make our Zooming capability smoother for those not in the face to face meeting. This will be more important as we seek to improve attendance for quorums.
- Next steps:
 - Schiffer to speak with Lana Baldwin to get dates for another meeting time to discuss Ms. March's options.

Meeting adjourned 12:30 p.m.

Submitted by Ann Ratcliff, Recording Secretary