

BMW CCA News From National

TO: BMW CCA National and Service Officers, Chapter Presidents, Newsletter Editors

FROM: Frank C. Patek II, Executive Director

January 2009



BMW CCA election deadline extended

The deadline to vote in the 2009 BMW CCA National Elections has been extended until noon EST on February 21, 2009. Originally scheduled to close on February 13th, the new date affords members more time to review material found in Roundel and online about the candidates and bylaw amendments. Following a final verification procedure election and bylaw results will be posted at www.bmwcca.org no later than noon February 27, 2009.

To assure the integrity of our 2009 online voting process we will email a confirmation notice to each member in whose name a vote was cast. Members without an e mail address will receive confirmation via US Mail. A member who has had a ballot erroneously recorded in their name will be provided with a method to dispute that ballot. Disputed ballots will be discarded and the member will be given an opportunity to cast a new ballot. Finally, the source of each vote, but not the vote itself, may be tracked electronically.



BMW CCA selects new VISA partner for BMW CCA Affinity credit card. . .

After months of negotiations and queries to find out what benefits BMW CCA members want in an official credit card, we are proud to announce the introduction of the ultimate credit card program.

The new BMW CCA Visa card lets you upload your own BMW image.

“We finally found the one and only card that delivers true performance to BMW enthusiasts and BMW CCA members alike,” “This new official card launches a totally new program—one that puts the old one in the slow lane!”

The new program includes many features important to BMW CCA members—including the ability to customize your card with a photo of your own BMW. And the new card features a points-rewards program; you earn one point for every dollar that you spend, and you can use your points for:

- Annual BMW CCA membership
- 1% Cash Back—with no limit on the amount you can earn
- Travel on any airline—with no blackout dates
- Great name-brand merchandise and gift cards

You will also save money immediately by transferring your current balances to your new BMW CCA card with 0% fixed APR for six months! *

Best of all: there are no late fees, over-limit fees and no annual fee!

Even if you currently have a BMW CCA credit card from Bank of America—no longer our “official card”—you’ll want to apply for our new card. Sign up now to take advantage of the tremendous benefits designed specifically for BMW enthusiasts!

You may request your card by calling or going online—anytime after January 26, 2009. Simply call 1-888-664-9284, or visit www.BMWCCA.partners1st.com. Either way, be sure to use your Chapter's Invitation Code. (see attached PDF)

And finally, if you respond and are approved by March 13, **your BMW CCA chapter will receive an extra incentive for every new account!** You should receive more details about this extra incentive from your chapter president soon!

** 0% interest for six full billing statements. Transfers are subject to a 3% transaction fee.*

. . . and chapters get to compete to spread the word!

When PartnersFirst asked me what would be the best way to spread the word to the membership about our new high-performance credit card, I answered, “*Roundel*—and the 65 chapters of the BMW CCA!” They were already planning to advertise in *Roundel*, but they were soon intrigued by the idea of reaching out to access local grass-roots support as well. They agreed to sweeten the pot a little to make it worth your while—and came up with a chapter recruitment contest! Here's the deal:

- Your chapter will earn \$5 for every new account.
- If your chapter opens at least ten new accounts, you qualify for chapter-contest prizes. All qualifying chapters signing up at least ten new clients will be entered into a drawing for a \$250 prize.
- \$500 for the chapter signing up the most new accounts
- \$250 for the chapter with second-highest total of new accounts
- \$100 for the chapter with the third-highest total of new accounts

You'll want to get started right away, because this contest runs in February—actually, all new accounts acquired between 01/28/09–03/13/09 (inclusive) are eligible. Who can apply? Any permanent U.S. resident over the age of 18 is eligible to apply for the new BMW CCA credit card. Ask your family, friends, colleagues, etc. to apply for the new BMW CCA Rewards® Credit Card. When they apply, make sure they use your chapter's unique Invitation Code to ensure your chapter receives credit for each approved application. (see attached PDF)

New cardholders can apply:

1. Online: www.BMWCCA.partners1st.com (Be sure to have them use your chapter's invitation code!)
2. By phone: 1-888-664-9284 (Be sure to have them use your chapter's invitation code!)

We'll track your progress by e-mail to your chapter, and schedule some conference calls as we near the end of the contest. Good luck!

Driving Events Conference: March 6–8, 2009

Two driving-events representatives from each chapter may travel to New Orleans for the driving-events conference. Host hotel is the Sheraton Four Points. Like all of us, BMW CCA national staffers are conscious of the current economic climate, so we are doing our best to maintain a high level of service while containing our costs. Chapter

delegates are expected to share a double room. Representatives who request a single room will be responsible for half of the room and tax charges.

The BMW CCA will reimburse travel expenses as set forth in Section 4.1 of the Club’s Operations Manual for up to two authorized driving-events representatives per chapter, those serving as the **Driving Events Coordinator** and **Chief Driving Instructor**. Please have your designees review that section so that they know which travel expenses are reimbursable and under which rules. Chapters may elect to send additional attendees at the chapter’s expense, but they must register ahead of time.

Registration is now available online at <http://www.bmwcca.org> and is located under BMW CCA - Chapter Forms - DEC Registration Form. http://bmwcca.org/index.php?pageid=dec_reg

Please contact Linda Axelson in the National office at lindaa@bmwcca.org or (864) 250-0022 with any questions.

BMW CCA membership down: 1,000 lost since last year

There is no doubt that the members of the BMW CCA are above average, but it seems we may have something in common with everyone else out there: Times are tough—and they’re beginning to take a toll on our membership numbers.

However, we’re not sitting still! In the next few weeks, chapters will receive packages of new

recruitment materials from the National Office and details of the **2009 Membership Drive**. We hope these materials will help you in your local recruiting efforts. To supplement your efforts, the Club is exploring advertising on a national basis—but as you know, the chapter is the heart and soul of the Club. People join the BMW CCA and form lasting friendships through activities with their local chapters. It may be a cliché, but it’s true: It’s the people, not the cars, who make this “the best damn car club in the world!”

MEMBERSHIP STATS as of 1/21/2009			
	Full	Associate	Total
Current Membership	65,046	9,621	74,667
Last Month's Membership	65,061	9,612	74,673
Monthly Net Gain (Loss)	-15	9	-6
Monthly % Change	-0.02%	0.09%	-0.01%
Last Year's Membership	66,141	9,982	75,823
Annual Net Gain (Loss)	-1,095	-61	-1,156
Annual % Change	-1.66%	-0.63%	-1.52%
2007 Membership	66,193	9,857	76,050
Net Gain (Loss) for 2 years	-1,147	-236	-1,383
% Change for 2 years	-1.73%	-2.39	-1.82
New Members 818			
Renewals 51.73 %			
<i>Roundels</i> mailed 65,226			

A simple way to keep our numbers stable and rising is to improve our retention rates—not just recruiting new members, but keeping our current members active. Sometimes it just takes a phone call from a friend within the chapter to retain a loyal

member. And it usually requires about a tenth of the time and energy it does to find someone to replace them.

The National Office is as committed to the battle to increase our numbers as you are. I hope you will reach out to us for assistance at any time—and give us feedback on what could be working better from our end. Let's buck the trend in 2009 and increase our numbers by at least 5%!

Oktoberfest 2009: the 40th Anniversary of the BMW CCA!

Planning continues at a rapid pace for **Oktoberfest 2009**, and it looks like this is going to be another memorable event; there is already a buzz about it around the country. The host hotel is the Legacy Lodge at Lake Lanier, close to the legendary host track for our 2009 celebration: Road Atlanta!

Legacy Lake Lodge is accepting reservations now. Last year, many members found the host hotel completely full, so you'll want to make your reservations early. Simply visit <https://reservations.synxis.com/lbe/rez.aspx?chain=5439&hotel=10192&lang> and enter Group Code BMWCCA.

Check our dedicated Oktoberfest website, www.bmwccaofest.org, and stay up to date on O'Fest news. This site is designed to be your complete Oktoberfest reference and guide! In addition, you may want to subscribe to the O'Fest '09 Mailing List—an announcement-only list. To subscribe, send a message to

ofest09-request@bmwccaofest.org

Reminder: Deadlines for important chapter forms are fast approaching!

The following Chapter forms are due at the National Office by the dates listed below:

- **Chapter Officer and Administration Form (Mandatory):** This form must be submitted by each chapter by March 16, 2009, or within two weeks of the chapter election (whichever happens earlier). The form must then be resubmitted each time chapter officers change. This form is critical to maintaining timely communication between National and the chapters, and is required in order to meet minimum standards of chapter performance.
- **Chapter Financial Statement (Mandatory):** All chapters must submit this form yearly as part of the minimum requirements to maintain "good standing" as a BMW CCA Chapter. Due March 31, 2009.
- **Chapter Label Request (Mandatory):** Used to notify National of your chapter's mailing-label needs for the calendar year. Please return by January 15, 2009.
- **Chapter Comp Listing Request:** Individuals and businesses placed on the Comp List will receive a copy of Roundel each month for one year. Keep in mind that all BMW auto dealerships currently receive a complimentary issue. The number of listings allowed to each chapter are based on one percent (1%) of your membership as shown on your monthly membership report. Please make certain to use the entire name and address to be added, including ZIP codes. Only individuals and businesses in the U.S. may be placed on the comp list. Note: Being placed on the Comp List does not confer membership. Comp listing does not entitle the holder to any of the benefits of membership, including the Member Reward Program. Due by January 16, 2009.

- **Postage Reimbursement Request:** All requests for postage reimbursement of your newsletter mailed between January 1 and July 31, 2008, should be submitted to National for approval during the period January 1–March 31, 2009. Qualified copies are those copies of your newsletter that you mail to other chapters, the Board of Directors, all service officers, BMW NA, etc., and the national office. For calendar year 2008, this number cannot exceed 106 copies. Postage reimbursement requests will not be honored if submitted after March 31, 2009.
- **Printing Reimbursement Request:** All requests for printing reimbursement of your newsletter mailed between January 1 and July 31, 2008, should be submitted to National for approval during the period January 1–March 31, 2008. Qualified copies are those copies of your newsletter that you mail to other Chapters, the Board of Directors, all Service Officers, BMW NA, etc., and the National Office. For calendar year 2008 this number cannot exceed 106 copies. Printing Reimbursement requests will not be honored if submitted after March 31, 2009.

Remember, your chapter must file an IRS return!

Chapter treasurers should be aware of federal tax and information return filing requirements. Starting with tax year 2007 (December 31, 2007, for BMW CCA Chapters) all chapters were required to file a return with the Internal Revenue Service (IRS). Depending on filing requirement thresholds, chapters were required to file either an IRS Form 990-N, Electronic Notice (ePostcard); a Form 990-EZ, Short Form Return of Organization Exempt From Income Tax; or a Form 990, Return of Organization Exempt From Income Tax. For tax year 2008 and beyond, the thresholds that determine which of the three Form 990s a chapter must file have been revised:

- The threshold for filing the Form 990-N has been revised from last year's threshold. Chapters with gross receipts normally equal to or less than \$25,000 for tax years before 2010 and equal to or less than \$50,000 for tax years 2010 and later **MUST** file the new IRS Form 990-N – Electronic Notice (e-Postcard).
- For tax year 2008 (December 31, 2008, for BMW CCA Chapters), chapters with gross receipts greater than \$25,000 and less than \$1,000,000 and total assets less than \$2,500,000 may file either the Form 990 or Form 990-EZ. (For the 2007 tax year, these amounts were less than \$100,000 gross receipts and \$250,000 total assets.)
- For tax year 2009, chapters with gross receipts greater than \$25,000 and less than \$500,000 and total assets less than \$1,250,000 may file either the Form 990 or Form 990-EZ.
- Beginning with the 2010 tax year, chapters with gross receipts greater than \$50,000 and less than \$200,000 and total assets less than \$500,000 may file either the Form 990 or Form 990-EZ.
- All filings are due by the 15th day of the 5th month following the end of the chapter's accounting period. For BMW CCA chapters, this is May 15th. An automatic three-month extension to file a Form 990 or 990-EZ is available—to August 15th—by filing IRS Form 8868. ***Failure to file required returns for three consecutive years will result in the automatic loss of the chapter's tax exempt status.***

The Form 990 has been extensively redesigned and expanded effective for 2008 tax years (returns filed in 2009 and later). The new 2008 Form 990 consists of an eleven-page, eleven-part core form that is required to be completed by all organizations that file the form, and schedules to be completed by those organizations that satisfy the applicable requirements for each schedule. *Based upon prior years, no BMW CCA chapter should be required to file a Form 990 (versus Form 990-EZ) for tax years 2008 or 2009—and it is unlikely that a chapter will meet the requirements to file Form 990 instead of Form 990-EZ for tax year 2010 and later.*

Although Form 990-EZ was not extensively redesigned for 2008, some minor changes have been made so that certain information previously required to be submitted as *attachments* will now be reported on *schedules*. Organizations that file Form 990-EZ (2008) must review the instructions for Schedules A, B, C, E, G, L, and N to determine whether they must report any of their activities or information on those schedules.

Links/URL addresses to the IRS forms and instructions are provided at the end of this article. Some points to consider:

Filing Requirements:

- Gross receipts are defined in the regulations as “the total amounts the organization [chapter] received from all sources during its annual accounting period, without subtracting any costs or expenses.” (Underscore added)
- “Normally” means the average of the last three years, including the most recent year. (There are different limits for chapters that are less than three years old.)
- For chapters required to file Form 990 or Form 990-EZ a **penalty for filing late** may be charged at \$20 per day, not to exceed the smaller of \$10,000 or 5% of the gross receipts of the organization. The penalty may also be charged if the organization files an incomplete return, such as by failing to complete a required line item or a required part of a schedule.
- No financial penalty will be applied for failure to file a 990-N (for chapters with gross revenues normally under \$25,000/\$50,000), but the automatic loss of tax-exempt status will apply for failure to file for three consecutive years.

Form 990-N Completion Information:

- The Form 990-N must be filed electronically through a third party (The Urban Institute) that the IRS has contracted with for this purpose. The link to the website to get started is <http://epostcard.form990.org/>.
- The chapter will be requested to create a Login ID and provide its Employer Identification Number (EIN, sometimes referred to as a taxpayer ID number). For a Login ID, I suggest using the chapter’s Internet domain name (e. g., nccbmwcca—the middle part of the website address). Request an ID for an “Exempt Organization,” not a “Preparer.” After creating the Login ID, you will be able to create/submit a 990-N.
- The 990-N is a one-page-plus questionnaire which requires only “yes” or “no” answers to questions (“Are your gross receipts normally \$25,000 or less”); it doesn’t require any financial information. Other than asking if the chapter has been

terminated or gone out of business, all requested information is to verify/provide names and addresses.

990-EZ Completion Information:

- Each chapter that normally has gross revenues in excess of \$25,000 must individually file a Form 990 or 990-EZ. **WE DO NOT FILE A GROUP RETURN** (not to be confused with “Group Exemption Number”—see discussion below).
- The **Group Exemption Number** (GEN)—Form 990-EZ item F—is 5390. Our old GEN (9226) has been closed. All chapters are included under our GEN. This means that all chapters individually qualify as a Section 501(c)(7)—Social and Recreation Club tax-exempt organization.
- Form 990-EZ heading item H boxes should be checked (“not required to attach Sch. B”)
- The chapter member rebate received from National is reported on Line 3 of Form 990-EZ.
- Gross revenues from chapter activities—such as driving schools, etc.—are reported on Form 990-EZ Line 2. The related expenses are reported on Line 16 on Form 990-EZ.

Form 990-T Exempt Organization Business Income Tax Return

Finally, just because your chapter is a “qualified organization exempt from income tax,” it doesn’t mean your chapter may not have to pay any income tax! Any income from activities and sources *not related to the reason the chapter qualifies as an exempt organization*—exempt activities include social interaction of members to share a BMW experience—is not exempt from tax. One reason for this is to prevent not-for-profit organizations from actually running a business in competition with for-profit businesses. It does not matter that the reason you generate the income is to allow you to do the things that *do* qualify for exemption from tax.

For BMW CCA chapters, this generally includes any advertising or investment revenues. As for advertising, because a business or corporation cannot be a member of a qualified Section 501(c)(7) organization, any business advertising in a chapter newsletter, etc. is considered to be unrelated—and therefore taxable—income, even if the owner and perhaps sole proprietor of the business is a member.

If the chapter’s unrelated gross income is \$1,000 or more, it must file Form 990-T. However, unlike the filing requirements for Forms 990, 990-EZ, and 990-N discussed above, gross income here is defined as gross receipts minus the cost of generating those receipts. Thus, for example, an allocable portion of the cost of producing and mailing the chapter newsletter should be deducted from the revenues from newsletter advertising. If the chapter does meet or exceed the filing threshold, only the net profit from the unrelated business activity is subject to tax. When completing the Form 990-T, expenses directly related to the taxable gross revenue are deducted to arrive at taxable income.

An automatic six-month extension to file a Form 990-T is available by filing a separate Form 8868 (separate from a request for an automatic three-month extension to file a Form 990 or 990-EZ). However, any tax due must be paid by May 15th; interest

and penalties may be applied for late filing and late payment of taxes due. These are in addition to any possible penalties related to a late filed Form 990 or 990-EZ.

Form 990-T Completion Information

As a general rule, a chapter may have income reportable in Part I, Line 9—Investment income (such as bank interest) and/or Line 11 – Advertising.

If the Total, Line 13, Column A is less than \$1,000, a Form 990-T is not required.

If the Total, Line 13, Column A is not over \$10,000, the total deductible expenses (Column B) need be shown only on Line 13—Total, and none of the supporting schedules (A through K) need be completed.

Links

The following are links to the ePostcard and IRS websites for each of the forms discussed above and their instructions:

Form 990-N – Electronic Notice (ePostcard) starting point:

<http://epostcard.form990.org/>

Form 990 – Return of Organization Exempt From Income Tax (Core – DRAFT):

www.irs.gov/pub/irs-dft/f990--dft.pdf

Form 990 – General Instructions:

www.irs.gov/pub/irs-tege/990_generalinstructions.pdf

Form 990-EZ – Short Form Return of Organization Exempt From Income Tax:

www.irs.gov/pub/irs-tege/f990ez.pdf

Form 990-EZ Instructions: www.irs.gov/pub/irs-tege/990ez_instructions.pdf

Form 990-T – Exempt Organization Business Income Tax Return:

www.irs.gov/pub/irs-pdf/f990t.pdf

Form 990-T Instructions: www.irs.gov/pub/irs-pdf/i990t.pdf

Form 8868 – Application for Extension of Time To File an Exempt Organization Return: www.irs.gov/pub/irs-pdf/f8868.pdf

Note: The links above were current as of October 2008. Please check the IRS web site (www.irs.gov) for the latest version of all forms and instructions. As always, if you have any questions or need any help, I can be reached at treasurer@bmwcca.org or (805) 499-3849 (Pacific time, afternoon or evenings).—Louis Goldsman, Treasurer, BMW CCA

2009 BMW CCA Chapter event insurance rates set

One of the primary benefits of BMW CCA membership is the group insurance coverage we are able to secure for our chapters' activities. Some of these activities can be covered with no premium at all—but chapters should nevertheless apply for a certificate to make sure insurance is in place. Effective February 1, 2009–January 31, 2010, insurance rates have been set for various chapter activities.

Driving School (conducted pursuant to the BMW CCA Operations Manual standards): \$1,450

BMW CCA Club Race: \$1,710

BMW CCA Club Race held in conjunction with a BMW CCA Driving School: \$1,605

Autocross: \$285

Car Control Clinic (aka Safety School): \$285

TSD Rally (Time-Speed-Distance): \$285

Fun Rally: \$155

Gymkhana: \$155

Tour: \$155

Concours (aka Car Show): \$155

Social Events/Tech Sessions: \$0

*There is no charge for social events or tech sessions, although certificates should be issued.