



Post Office Box 1553
Detroit Lakes, MN. 56502

May 20, 2015

Tom Nelson, President
MNCOLA

Dear Tom:

The Executive Committee of Becker COLA has been wrestling with several issues; it has been suggested that we turn to MNCOLA for some help in obtaining answers, with the expectation that we are not alone among COLA's and lake associations which are confronted by these issues.

Administrative/Operations

1. In 2012, Becker COLA received from MN DNR a 1099-Misc. which indicated that Becker COLA had received grant funds in the amount of \$7, 000. The 1099-Misc. triggered a series of consultations with CPA's and IRS officials. Considerable time and expense was spent in understanding tax returns, tax payments, and refunds issues related to the 1099. Though Becker COLA is a Minnesota non-profit corporation, it does not have 501c-3 status with the IRS. Our normal annual revenues (we have received no more MN DNR grants) are about \$5,000. We are getting conflicting advice on how to properly handle the 1099, and believe some of our member lake associations have a similar situation. We are asking if MNCOLA could obtain some definitive advice that we could use and pass along to our lake association members.
2. A related question is whether Becker COLA and our member Lake Associations should attempt to obtain 501c-3 status. What is the process, the advantages and the limitations of this status? Are there follow-up reports that have to be made to Minnesota Revenue and/or the IRS?

Water Marker Hazards

3. Last fall Becker County elected a new sheriff who has withdrawn most support from the County's buoy placement marking hazardous conditions in lakes. In the ensuing discussion we learned that Lake Associations may assume some liability for installing the water markers. We are also asking MN COLA to obtain an opinion regarding personal or lake association liability for placing water markers in lakes.

We are proud members of MN COLA and greatly appreciate the strong support you have given to AIS and other lake-protection measures. We would be grateful for any help you can provide in answering the above questions

Sincerely

Tera Guetter
President Becker County COLA