



## OSC Fidelity Account

Friday, December 5, 2008 8:03 PM

From: "Ronbreault@cs.com" &lt;Ronbreault@cs.com&gt;

To: steve\_purdy@comcast.net, wlpratt@snet.net, neal@UKHalseyMystic.com, PIGBAD@aol.com, lowethwa@gmail.com, CChorlton@aol.com, jtothe2nd@sbcglobal.net, bohlen@uconn.edu, covehill@sbcglobal.net, OrionPerch@aol.com, Ronbreault@cs.com, pauljenningspe@msn.com, ddickerson01@snet.net, bgibbs\_1@verizon.net, gerrykeeler@gmail.com, francisd@gmail.com, Austinlafrance@aol.com

Cc: gearys@tvconnect.net

Hi all

These are financially interesting times. For the reasons stated below I have taken, with the approval of the Commodore, some steps to better secure longer term, the principal of our investment account funds, and increase our interest income.

The annualized CT tax exempt 10 yr yield from this investment account with Fidelity (CT Municipal Money Market Fund) was 2.09%/yr for the last 10 yrs; the 1 yr yield was 1.68%; the last quarter annualized yield was .44%; and the last 7 day yield was .004%. At this rate yields barely cover the expense rate. Some money market funds, and this fund in particular, were operating at "break the buck" risk and threatened eroding client principal.

As a result of concern affecting money market funds starting in late September this Fidelity Fund, along with other money market funds, were insured/guaranteed by the US Government not to go below \$1/share, effectively guaranteeing the principal. This guarantee would have expired on 12/19/08 but has been recently been extended by the US Government through April, 2009, - but only if money market fund managers like Fidelity agreed to participate in the extension program by December 5. Fidelity agreed to do so this morning.

At the current interest rates offered (and probably at higher rates as well) CT tax exempt income status is not an issue. Our only reasonable option, were we to require longer term US Government insured status for our investment funds, and at least a competitive yield given today's environment, would be to open an FDIC insured bank account for these funds.

Yesterday, I closed our account at Fidelity and transferred our total balance to Bank of America, \$23,981.45, where we maintain our operating account. These funds will be credited to a \$22,500, 9 month FDIC insured CD paying 2.3%. Funds may be withdrawn from the principal at anytime without interest penalty. Funds cannot be added to this CD.

The balance, \$1481.45, will be used to open a savings account, also FDIC insured, currently paying 1.9%. Provided our relationship with the bank is maintained at a total of \$15,000 or more there is no minimum balance required in any of our accounts.

A significant advantage will be the ability to online temporarily transfer excess operating account funds to our savings account - typically, from January to June, we experience increasing operating account balances.

While the negligible interest rate we were getting was reason enough to consider making this change, the original driving force for this effort was the possibility that Fidelity would not participate in the government's insurance/guarantee program, and the consequent risk to our principal. This guarantee program is a short term program, at least as currently described, and we potentially face the same problem again in April.

So I recommended this change to the Commodore and he agreed. Let me know if you have any questions.

Ron



Re: OSC IRS Status

Monday, December 1, 2008 7:13 PM

From: "Bob Geary" <gearys@tvconnect.net>

To: Ronbreault@cs.com, steve\_purdy@comcast.net, wlpratt@snet.net, neal@UKHalseyMystic.com, PIGBAD@aol.com, lowethwa@gmail.com, CChorlton@aol.com, jtothe2nd@sbcglobal.net, bohlen@uconn.edu, covehill@sbcglobal.net, OrionPerch@aol.com, pauljenningspe@msn.com, ddickerson01@snet.net, bgibbs\_1@verizon.net, gerrykeeler@gmail.com, francisd@gmail.com, Austinlafrance@aol.com

Ron,

This continues to be a good news effort with a great outcome.... Congratulations.

This action, the result of a lot of hard work, should set the stage for smooth filings in the future. I am pleased that this is being put behind us.

Thanks for all of your diligence.

RBG

----- Original Message -----

**From:** Ronbreault@cs.com

**To:** gearys@tvconnect.net ; steve\_purdy@comcast.net ; wlpratt@snet.net ; neal@UKHalseyMystic.com ; PIGBAD@aol.com ; lowethwa@gmail.com ; CChorlton@aol.com ; jtothe2nd@sbcglobal.net ; bohlen@uconn.edu ; covehill@sbcglobal.net ; OrionPerch@aol.com ; Ronbreault@cs.com ; pauljenningspe@msn.com ; ddickerson01@snet.net ; bgibbs\_1@verizon.net ; gerrykeeler@gmail.com ; francisd@gmail.com ; Austinlafrance@aol.com

**Sent:** Monday, December 01, 2008 4:47 PM

**Subject:** OSC IRS Status

Hi all

Today I received a notice from the IRS granting full abatement of penalties totaling \$2734.65 for late filing of our Form 990EZ for the 2006 tax year. We had previously received a full abatement notice for a \$2929.20 penalty for our 2005 return

I also received a separate late filing penalty collection notice by Certified Mail from the IRS for our 2004 return for \$2613.12. After some time on the phone I was advised verbally by IRS agent Cynthia Hunt, ID# 0144158, that the 2004 penalty has not been abated. On November 3 I had been advised verbally by IRS agent Connie Underwood that the penalty for 2004 had been abated, along with the 2005 penalty and that the confirming notices were in process.

Based on my conversation a 9 week hold has been placed on this 2004 related collection effort to give time for me to file another abatement request for 2004 as they do not have on file the original requests. I will resubmit the abatement request with copies of all the back up materials on Dec 2 by certified priority mail.

Ron

**November 2009 OSC Treasurer's Report**

Monday, December 1, 2008 5:25 AM

From: "Ronbreault@cs.com" &lt;Ronbreault@cs.com&gt;

To: gearys@tvconnect.net, steve\_purdy@comcast.net, wlpratt@snet.net, neal@UKHalseyMystic.com, PIGBAD@aol.com, lowethwa@gmail.com, CChorlton@aol.com, jtothe2nd@sbcglobal.net, bohlen@uconn.edu, covehill@sbcglobal.net, OrionPerch@aol.com, Ronbreault@cs.com, pauljenningspe@msn.com, ddickerson01@snet.net, bgibbs\_1@verizon.net, gerrykeeler@gmail.com, francisd@gmail.com, Austinlafrance@aol.com

treasurers report nov 08.xls (30KB)

November 30, 2008

**To: OSC Board of Governors, Officers and Committee Chairs:**

Attached is a copy of the November 2008 Treasurer's Report. It details YTD expenses and income compared to the 2008 budget and summarizes cash balances in our two accounts, Bank of America, and Fidelity. Other highlights are:

**Membership** - On November 30 we have 482 members, including 8 honorary members. YTD, we have 19 new members, 7 resignations and 8 deceased members. At November 30, 2007 we had 482 members, including 6 honorary members, 20 new members, 11 resignations, and 4 deceased members.

**Dues** - On November 30, we had 7 members who had not paid their 2008 dues compared to 2 members at November 20, 2007. On October 27 all were sent a final notice by mail stating that they will be dropped from the roles if payment has not been received by 11/30/08.

As per the instructions of the Board these 7 members have been dropped from the roles: Stanley Cooper, 7/2002; Robert Darling, 7/1982; Edwin Fisher, 3/1996; Leonard Hubbard, 7/1984; Gary Krogman, 4/2006; Richard Pettit, 4/2005; Robert Rhorer, 5/1996. In 2007 we had 2 members dropped for non payment of dues.

**IRS Status** - On November 3rd we were verbally advised by IRS agent Connie Underwood, ID# 0145129, that our appeals of late filing penalties for our 990 EZ returns - \$2542.60 for 2004 and \$2734.65 for 2006 were abated, and that formal notices to us were in process. We have not yet received these notices. We filed a successful appeal of a similar penalty for our 2005 return.

**Norcross Fund** - My review of the terms of the Norcross Fund, which were approved at the April 17, 1999 Board meeting, has concluded that use of the Norcross funds to purchase a Dyer Dhow sail for the Mystic Seaport fleet in 2007, and to help fund 2007 and 2008 75th related activities, are outside the constraints of the gift. A partial quotation from the minutes of that meeting follows:

"...to provide occasional one of a kind gifts in recognition or gratitude for meritorious service to the Off Soundings Club as determined by a vote of the Board of Governors. Each gift is to be accompanied by an explanation of the source of funding with a copy sent to John Norcross or his heir. The cost of such gifts to be covered by funds accrued from interest applied to monies donated..."

After discussion with Commodore Geary I have restated our November, 2008 YTD financials to reflect the full amount of the gift (\$2000) plus accrued interest from 1999 (\$430.26) This balance and any accruing interest will be maintained in our Fidelity reserve account, pending future Board action.

**2009 Draft Budget** - a draft budget for 2009, revision #1, modified based on input from our Oct 25 meeting, is included with the financial report. The budget will be finalized at our January meeting.

Please let me know if you have had problems downloading the attachments.

Respectfully submitted, Ron Breault