

Board Meeting Minutes

Date:	April 7, 2021	Location:	Videoconference via Zoom
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Attendance

Voting Officers	Name	Present	Absent	Voting Directors	Present	Absent
President	Eleanor Ingersoll (EI)	X		Cait Allen (CMA)	X	
Vice President	Justin Fishman (JF)	X		Caroline Allen (CA)		X
Treasurer	Mike McPhilmy (MM)	X		Matt Atkins (MA)	X	
Secretary	Meredith Piotrowski (MP)	X		Joe Brin (JB)	X	
Ex Officio				Mark Grabarits (MG)		X
Executive Director	Lucy Erdelac (LE)	X		Michelle Grimley (MEG)	X	
				Rosamond Howard (RH)	X	
Guest				Noah Swistak (NS)	X	
Joyce Sun	Attorney	X				

Meeting Agenda

I. Call to Order

The meeting was called to order at 7:03 p.m. 10 Voting Board members were in attendance therefore a quorum existed, and Board action could be taken.

II. Guest: Review of Board Service Part II

Due to pandemic restrictions the regular Board retreat was suspended. In lieu of the Board's standard retreat, President Eleanor Ingersoll invited Attorney Joyce Sun to present an overview of nonprofit service and responsibilities. Ms. Sun's specialty is nonprofit law and she has worked with QVNA for the past three years, including crafting the amended bylaws and our conflict of interest policy.

- Ms. Sun covered the topics of Federal and state laws, tax codes, governing documents (e.g. articles of incorporation, bylaws, and policies), and legal prohibitions against financial enrichment.
- Details are in the attachment to the end of the minutes.

Motion:	Presentation only.
Vote:	No vote taken.

III. Minutes

Secretary Meredith Piotrowski presents the March minutes.

Motion:	MP motions to approve the minutes. MM seconds.
Vote:	Motion passes unanimously.

IV. Financials

Treasurer Mike McPhilmy discusses the financials and presented the dashboard which shows the overall financial health of the organization.

- Our cash position in 2021 is 20% higher than for the same period one year ago.
- Our February income is on par with last year and expenses are lower.
- Our year-to-date membership is higher than one year ago.
- Year-to-date memberships are strong, in particular at the family and benefactor levels.

Motion:	JF moves to approve the February financials. CMA seconds
Vote:	Unanimously passes.

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V. Counter Culture Update

EI reviews the Board's Special Meeting held on March 22, 2021, called to discuss the Good Neighbor Agreement with Counter Culture. Eleven Board members attended the Special Meeting (RH recused herself from the meeting and the vote) and voted unanimously to approve the agreement and it was sent to Counter Culture.

Motion:	Presentation only.
Vote:	No vote taken.

VI. SAOL Update

EI presents the update: Fat Tuesday, His and Hers, Paddy Whacks, Woolly Mammoth, and TLA were granted SAOL renewals without community notification and input.

- Right to Know Request: Executive Director Lucy Erdelac filed a right to know request on March 30th for the L&I policy regarding SAOL renewals without community feedback.
- NightLife Task Force Notification: create a permanent recurring agenda item that SAOLs will be presented at the task force meetings.
- Civic Notification: updating other night life task forces and neighborhood civics.

Motion:	Presentation only.
Vote:	No vote taken.

VII. Zoning Committee Update

Director Noah Swistak presents an update on variance applications.

- 714 Randolph St will be heard at QVNA Zoning Committee meeting Wednesday, April 14th.
- 1032 S. Randolph St.: Zoning Committee voted to support its variance after it had reviewed additional drawings.
- 1037 S Randolph St. to split one parcel into two.

Motion:	Presentation only.
Vote:	No vote taken.

VIII. Executive Director Update

Executive Director Lucy Erdelac presents on:

- e-Cycling and Shredding Event on April 17th at Weccacoe Park.
- Recruitment activities

Motion:	Presentation only.
Vote:	No vote taken.

IX. Clean and Green Upcoming Events

MP presents on upcoming events:

- April 10th Beautify Your Block
- May 8th Love Your Park Day

Motion:	Presentation only.
Vote:	No vote taken.



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X. Other Business

MP opened discussion on abuse of South Street Foot Bridge by ATVs and motorcycles. EI suggested contacting all relevant stakeholders and building coalitions with them.

Motion:	Presentation only.
Vote:	No vote taken.

XI. Meeting Adjournment

There being no other business, the meeting was adjourned at 8:42 p.m.

Respectfully submitted by Secretary Meredith Piotrowski on May 2, 2021.

Attachment: Joyce Sun - QVNA Board Presentation - Part II PDF Slides.pdf

CONLEY LAW GROUP

LEGAL COUNSEL FOR NONPROFITS

Presentation to Board of Queen Village Neighbors' Association: Part II

Joyce Sun, Esquire

April 7, 2021

Key documents for nonprofits

- Federal Law
 - 1023 Application for 501(c)(3) status and Determination Letter
 - Employer Identification Number (SSN for organizations)
 - Tax Returns (990 and 990-T)
- State Law
 - Articles of Incorporation
 - Bylaws
 - Policies such as:
 - Code of Conduct
 - Conflict of Interest Policy

Key documents for nonprofits

Articles of Incorporation

- This causes the entity to come into corporate existence.
- It is filed in the “state of formation.”
- QVNA’s was filed with the Commonwealth of Pennsylvania on June 10, 1980, which is why QVNA is a “Pennsylvania nonprofit corporation.”

Key documents for nonprofits

Articles of Incorporation

- This has the nonprofit's fundamentals, like saying that it is a nonprofit.
- It should say that the nonprofit's assets won't be used for "pecuniary gain or profit, incidental or otherwise." *What does that actually mean? Discuss fundraisers.*
- Another key element is stating the charitable purpose of the organization.
- Changing the Articles requires filing with the Commonwealth again.
- The Articles are the *foundation*.

Key documents for nonprofits

- Bylaws
 - The bylaws are the *walls and floors* of a nonprofit.
 - Allocates power and responsibility between the Board and the Members.
 - The Board is *governing body of QVNA*, but certain fundamental decisions must be approved with the members.
 - Amendment does not require filing with the state, but a change to QVNA's bylaws requires approval by 2/3rds of the members at a meeting with proper notice as detailed in the bylaws.

Key documents for nonprofits

QVNA Bylaws – Board

- Size of the Board (between 9 and 13 for QVNA)
- Who is eligible to be on Board (meeting attendance requirement, notification, and Nominating Board verification)
- When elections happen (November members' meeting)
- How and when of Board meetings (regular and special)
- Quorum (51% for Board meeting; 3 for Executive Committee)
- Roles of the officers and committees
- Process for removal (9 out of 13)

Key documents for nonprofits

QVNA Bylaws – Members

- Detail how people prove they are eligible to be a member
- When and how meetings happen and quorum (10 members)
- Decisions that the members make (changes to the Bylaws and dissolution)

Key documents for nonprofits

In addition, Bylaws provide **key protections** for directors in trying to carry out their functions:

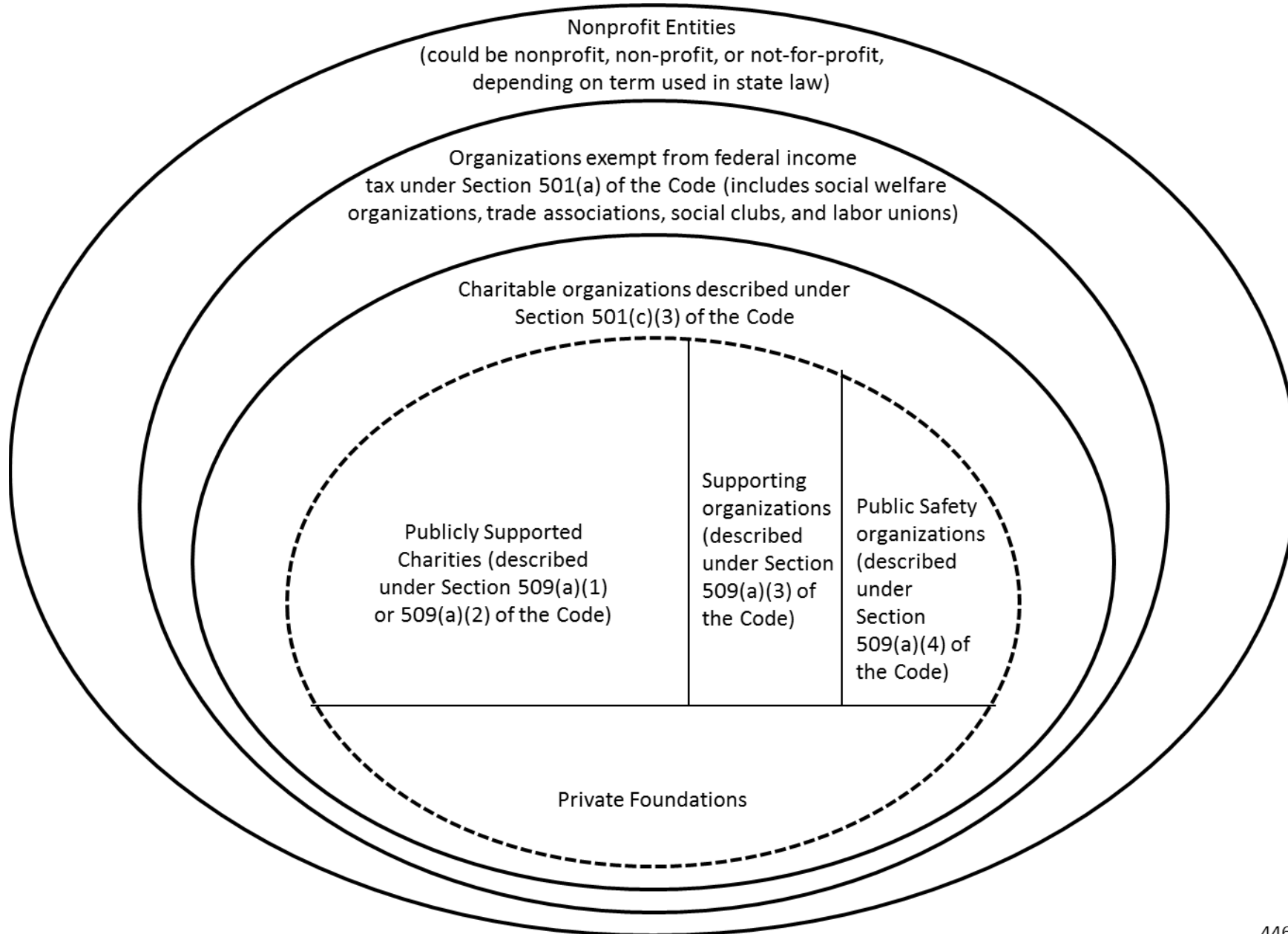
- Limitation of liability (only mandatory provision in bylaws under Pennsylvania law)
- Indemnification (if you are sued because of your work for QVNA, QVNA will step in; directors and officers automatic, for employees and agents by Board vote; D&O insurance)

Key documents for nonprofits

Bylaws are the baseline rules, not the only ones.

- Board can adopt policies (Conflict of Interest, Code of Conduct) and rules (Association Rules of Order). Until they're amended or rescinded by Board, they're binding.
- Bylaws exist in overall context of case law and practices.
Example: ratification

Universe of Nonprofit Entities



Section 501(c)(3) Requirements

- 501(c) means your income is generally exempt from federal income taxes.
- 501(c)(3) adds deductible contributions for donors.
- Because of this favorable tax treatment, Federal tax law imposes restrictions.

Section 501(c)(3) Restrictions

- Organizational test
- Operational test
- Political Campaign Activities / Lobbying
- Private Benefit/Inurement
- Unrelated Business Income



Section 501(c)(3) Restrictions

- Organizational test: does your organizational document sufficiently limit what the entity can do?
 - Test imposed by IRS that says an entity can't be a 501(c)(3) if it engages in more than *insubstantial* propaganda to influence legislation or *any* political campaign activity
 - Mandatory provisions in the organizational documents:
 - Purpose: The entity's purpose is limited to one or more exempt purposes, like charitable, educational, religious, or scientific endeavors
 - Dissolution Requirement: Upon dissolution, the assets will not go to private parties (distributed for exempt purposes/to the government for public purposes/by a court to accomplish exempt purposes)

Section 501(c)(3) Restrictions

- Operational test: does the entity engage “exclusively” in activities that accomplish the exempt purposes laid out in the organizational document?
 - In practice, “exclusively” means “*substantially*” – museum gift shops.
 - Test: “Do your activities line up with the promises in your organizational documents?”
 - IRS looks at commerciality and competition – is your organization conducting it like a business, so that you’re in competition with for-profits? (vegetarian restaurants, mail-order businesses)

Political Campaign Activity/Lobbying

- 501(c)(3)'s may not engage in political campaign activity.
 - This means no endorsements of candidates.
 - **NOT PERMITTED: “QVNA endorses John Smith for mayor.”**
- 501(c)(3)'s may engage in limited lobbying.
 - This means that QVNA can take a position to support or oppose legislation that impacts your charitable mission.
 - Lobbying must form “insubstantial part” of activities/501(h) election
 - **Permitted in limited amounts: “QVNA supports City Council Bill No. 3.”**
- What about voter registration drives? Board member endorsements in a personal capacity? Grey zones where the facts matter.

Private Benefit/Inurement

- Private benefit: when *private individuals* receive an improper benefit. Benefits are to be “broadly spread.”
- Private inurement: when *private individual with significant influence over the organization* receives an improper economic advantage.
- More latitude for private benefit than private inurement.
- Consequences:
 - Intermediate sanctions are imposed on the person who received the excess compensation and the directors who authorized it.
 - Loss of 501(c)(3) for private inurement

Unrelated Business Income Tax (UBIT)

- UBIT charged on UBTI (Unrelated Business Taxable Income)
- IRS definition: gross income derived from an unrelated trade or business that is regularly carried out
- Requires existence of a “profit motive”
- Aggregated across unrelated trades/businesses for an organization
- Can be partial – if an organization make \$5,000, part of that could be subject to UBIT and part exempt

Examples of UBIT Triggering Activities

- Commercial activity, like gift shops
- Debt-financed income or income from a property subject to a mortgage
- *Advertising versus Thanking donors*
 - “Shop at Joe’s for the best prices” versus “Thanks to Joe for this wonderful donation to our silent auction!”

Examples of UBIT Triggering Activities, continued

- Leasing space, but this can be complicated
 - Who are you leasing to? For-profit or nonprofit?
 - Are you doing anything else for them that a normal landlord wouldn't do, like administrative or technical support or renting “tangible personal property” to them?
 - Are you getting paid a share of their income or profits, aside from percentage rent based on fixed portion of gross receipts or sales?
 - Extra complexity: Philadelphia real estate tax exemption

Examples of UBIT Triggering Activities, continued

- Engaging in activities with for-profit entities: joint ventures, commercial co-ventures, etc.
- Corporate Sponsorship: consider every benefit you provide the sponsor.
- Bottom line: it's complicated. QVNA does have some UBTI, for which a 990-T is filed for. Too much UBIT can result in loss of federal tax exemption.