

MINUTES

Franklin County Arts Guild Board Meeting

March 27, 2018 6pm | called to order by *Nancy Wallace*

Members Present

Nancy Wallace, Joe Butler, Margie Gallagher, Pat Richards Bishop, Mark Ledbetter, Denise Miller and Diana Lamb

Approval of Minutes and Membership Report: Margie Gallagher

- Minutes appear not to be distributed as the secretary thought. **Action Item: Secretary will locate minutes and resend to board.**
- Kim Phillips has proposed a Membership Development Plan (attached) with the objectives of retaining current members, attracting new members and regaining former members. We are working on these plans.
- The secretary will represent the Guild and the Gallery at the FCCC Business Expo in April. We will use the event to promote Arts and Ales and new membership. This is part of the membership plan to identify new groups and letting potential members know what's in it for them.

Treasurer Report Denise Miller

The Treasurer reported was deferred until the regular meeting in order to discuss By-Law changes and Eclectic Shelf issue in the gallery.

PR Report: Pat Richards

Deferred until the regular meeting in order to discuss By-Law changes and.

Gallery Report: Margie Gallagher

- The gallery paid \$914.95 in rent in February
- Leaks are now a monumental problem. We have mushrooms growing out of our platform. Mark has recommended that we consider moving.
- The gallery members attending the March meeting agree that the leaks are problematic and increasingly so and we should look into other places. But the majority of members a bias toward staying in Cowan and staying in the current location if the water problem can be significantly mitigated if not eliminated.

AGENDA ITEMS

- Discussed the presence of the Eclectic Shelf (ES) in the gallery with respect to issues related to jeopardizing 501c3 status (See attachment 3), competition with contributing artists in the gallery, who is in charge of the shelf, where it should be located. Diana reported that the ES make around \$100 dollars for the gallery in the year 2017. **Joe Butler moved and Mark Ledbetter seconded that the Eclectic Shelf be removed from the gallery. Motion carried.** The board agreed that since this issue is important to a large number of members that the entire membership be informed of and upcoming vote on the issue and the reasons the issue has arisen.
- The need to make changes to the By-laws in order to have more flexibility with respect to number and times of meetings as well as other issue were discussed. Board went over and edited written suggestions suggested by Margie Gallagher. (Attached) **Action Item:** Margie Gallagher will type up revised By-Law changes so they can be presented at next meeting
- Discussed the idea of writing an ABC grant to the Tennessee Arts Commission for Arts ad Ales. The board decided that Margie Gallagher should write such a grant
- Discussed the need for a nominating committee for election in May

April 24, 2018 6pm at the Cowan Fine Arts Center, Education Building

Attachments:

1. Membership Development plan. (developed by Kim Phillips)

FCAG Membership Development Plan 2018

Objectives:

- Retain current members
- Attract new members
- Regain former members

Retaining Current Members

"The best customer is the one you already have."

- Meeting their needs
- Expressing gratitude
- Giving exposure
- Re-upping/rewarding

Attracting New Members

"Know what's in it for them."

- Looking for new sources
- Diversifying (age, income, etc.)
- Identifying affinity groups
- Getting others to find members for us
- Onboarding well – make a big deal

Regaining Former Members

"It's easier to make an impression than to change one."

- Reaching out to former members – more than once
- Finding out where they are now, artistically and professionally
- Showing them what's new and different with the Guild
- Asking very directly for them to come back
- Onboarding/rewarding

Measuring Success

Setting goals for numbers of new and regained members, and a retention goal

2. Proposed changes in by-laws suggested by Margie Gallagher with edits.

Article IV Meeting

- A. Change to "The Art Guild shall hold regular scheduled meetings as voted on by the membership. At least one annual membership meeting shall be held in July of each year. Additional meetings may be held at the discretion of the board and/or membership.
- B. Add to B "Business and votes may be conducted by mail or electronically (i.e. by-law votes). All members must be notified a month in advance of such a vote and at least 10% of the total membership must vote electronically for a motion to be carried by a simple majority of the total members voting.

Article V. Arts Guild officers

Delete "regular May meeting" add "to member electronically or at the scheduled meeting in May." Delete other candidate may be nominated from the floor.....nominee. Add "Voting may take place electronically or at the scheduled meeting in May". At least 10% of the membership must participate in voting. Officers are elected by a simple majority and installed in June. Elected officers serve for a period of 2 years.

- B. Add " the Vice President also serves as the President elect and works closely with the President
- C. Duties of Secretary
Delete #5 add number 6 from Treasurer Duties
- D. Treasurer delete Number 6
- E. Add c. by developing appropriate electronic media

Article VI Board of Directors

- A. Change term of office to two years. Add Gallery Coordinator or representative (decided by contributing artists to the gallery) to Board of Directors list. Add description of duties " The gallery coordinator is responsible for the operation, development of budget for the of the gallery and communication with CDC regarding gallery. The gallery coordinator submits reports to the *Guild* on a regular basis.
- B. No change
- C. Change 'and voted on" to and approved by majority vote": delete at regular monthly general meeting before they become binding.

3. Legal Issues around Eclectic Shelf

A nonprofit can engage in a trade or business without coming up against regulations that would cause it to be subject to tax, as long as the activity substantially relates to its exempt purpose. Understanding the relationship between the exempt purpose of the organization and the activities undertaken ultimately determines whether the trade or business activity is "related" and exempt from tax. A key in this identification process is the size and extent of the activities. Those on a scale larger than is "reasonably necessary for performance of such functions," will likely be considered unrelated trade or business, and thus subject to tax.

Too Much Unrelated Business Income (UBI) <https://www.thebalance.com/nonprofit-could-lose-its-tax-exemption-2502261> This is from a website about non-profits

The area of UBI is complicated, but basically, it means that your organization may not receive income from a **regularly-carried-on trade** or business that is **not related to your mission**. **This statement is absolutely clear. But statements below seem to mitigate this sentence but are not really very clear, hence my hedging.**

If you generate funds from a business activity, but it is not regular, you may have to pay taxes on that income, but it won't jeopardize your tax-exempt status. An example would be selling merchandise once a year at a fair. **(arts and ales)**

If your organization earns more than \$1000 of UBI, you must file [IRS Form 990-T](#) (Exempt Organization Business Income Tax Return). Too much UBI can threaten your [tax-exempt status](#). **My nervousness from this statement comes from not knowing how much is too much. And how to count the income from the eclectic shelf.** You could be in trouble if UBI takes up more time and attention than your mission. The IRS provides an excellent [online tutorial on UBI](#) that goes into the intricacies of this kind of income. **I thought this online tutorial was not so great it seemed to be linked to other non-governmental agencies that wanted money to help you.**

This is essentially the same thing as the IRS stuff below.

TAXES (This is information from the IRS about taxes) <https://www.irs.gov/charities-non-profits/>

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Even though an organization is recognized as tax exempt, it still may be liable for tax on its [unrelated business income](#). For [most organizations](#), unrelated business income is income from a trade or business, regularly carried on, that is not substantially related to the charitable, educational, or other purpose that is the basis of the organization's exemption. An exempt organization that has \$1,000 or more of gross income from an unrelated business must file [Form 990-T](#). An organization must pay [estimated tax](#) if it expects its tax for the year to be \$500 or more. **I think that this applies to the eclectic shelf, but since most funds go to the donors and not the gallery, so I am not sure.**

The obligation to file Form 990-T is in addition to the obligation to file the annual information return, Form 990, 990-EZ or 990-PF. Each organization must file a separate Form 990-T, except title holding corporations and organizations receiving their earnings that file a consolidated return under Internal Revenue Code section 1501.

The Internal Revenue Code contains a number of modifications, exclusions, and exceptions to unrelated business income. For example, dividends, interest, certain other investment income, royalties, certain rental income, certain income from research activities, and gains or losses from the disposition of property are excluded when computing unrelated business income. In addition, the following activities are specifically excluded from the definition of unrelated trade or business:

- **Volunteer Labor:** Any trade or business is excluded in which substantially all the work is performed for the organization without compensation. Some fundraising activities, such as volunteer operated bake sales, may meet this exception. **(this might work for the eclectic shelf if all profit went to the guild)**
- **Convenience of Members:** Any trade or business is excluded that is carried on by an organization described in section 501(c)(3) or by a governmental college or university primarily for the convenience of its members, students, patients, officers, or employees. A typical example of this is a school cafeteria.
- **Selling Donated Merchandise:** Any trade or business is excluded that consists of selling merchandise, substantially all of which the organization received as gifts or contributions. Many thrift shop operations of exempt organizations would meet this exception. **This is the reason we can have an Art Supply Corner, I believe.**

Bingo: Certain [bingo](#) games are not unrelated trade or business.