

Board Meeting Minutes

Date: March 3, 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	
Secretary	Meredith Piotrowski (MP)	X		Matt Atkins (MA)	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	
Guests				Mike McPhilly (MM)	X	
Joyce Sun, Esquire	Conley Law Group, LLC	X		Noah Swistak (NS)	X	
Councilman Mark Squilla	Philadelphia City Council	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. President Eleanor Ingersoll motions to appoint Director Mike McPhilly to fill the open treasurer's position. CA seconds the motion. All Board members are in favor and the motion passes unanimously.

II. Guest: Review of Board Service

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 QVNA's charitable purpose, Board service, and fiduciary responsibility. 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 February minutes.

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

IV. Financials

Executive Director Lucy Erdelac and Treasurer Mike McPhilly present various financial items:

- LE presented the January financial dashboard and financial statement.

MEG entered meeting at 7:41 p.m.

Motion:	JF motions to approve the January financials. CA seconds.
Vote:	Unanimously passes.

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V. SAOL (Special Assembly and Occupancy License) Renewals

EI and LE present a review of what SAOLs are and the steps involved for renewal.

- Paddywhack’s, His and Hers, TLA, Wooly Mammoth, and Fat Tuesdays were granted “automatic” SAOL renewal without community input.

Motion:	Presentation only.
Vote:	No vote taken.

VI. Guest: SAOL Renewal Process

Councilman Mark Squilla presents on the renewal process. Five Special Assembly and Occupancy Licenses in Queen Village were renewed without input from the public, in opposition to city ordinance 9-703(2). This is because an interagency policy between L&I, the City Solicitor’s Office, and PPD requires only a 10-day response time from PPD before L&I can issue a renewal. A renewal can also be issued by L&I without police feedback. This non-public policy circumvents public notice and input per city ordinance 9-703(2).

The Councilman said he would support a change to the legislation, led by broad community feedback, to require notification of and inclusion of the community. He supports elimination of the 10-day policy. The Councilman also suggested filing a right to know request about the interagency policy since the policy has not been made public. Discussion of filing a right to know request ensued.

Motion:	Presentation only.
Vote:	No vote taken.

VII. Development of 413 Bainbridge St

EI presents an update on the proposed development at 413 Bainbridge St. In 2018, the owner filed for and was granted a variance, which was supported by QVNA and SSHD. The ZBA variance was appealed by a neighbor and ultimately upheld in court. The owner remains interested in developing this parcel of land. EI made the following requests of the owner:

- Present new building plans.
- Confirm the status of the previously-negotiated Community Business Agreement.
- Confirm public parking projections.
- Present new plans at a community meeting.

Motion:	Presentation only.
Vote:	No vote taken.

VIII. Other Business

There was no other business to discuss.

IX. Meeting Adjournment

There being no other business, the meeting was adjourned at 9:04 p.m.

Respectfully submitted by Secretary Meredith Piotrowski on April 5, 2021.

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

CONLEY LAW GROUP

LEGAL COUNSEL FOR NONPROFITS

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

Joyce Sun, Esquire

March 3, 2021

Sources of Law

Generally speaking, there two sources of laws that specifically cover nonprofit entities:

Federal law, particularly [federal tax law](#) that governs an organization's federal tax exemption

State law, with Pennsylvania having the [Nonprofit Corporation Law of 1988, as amended.](#)

Federal Tax Law

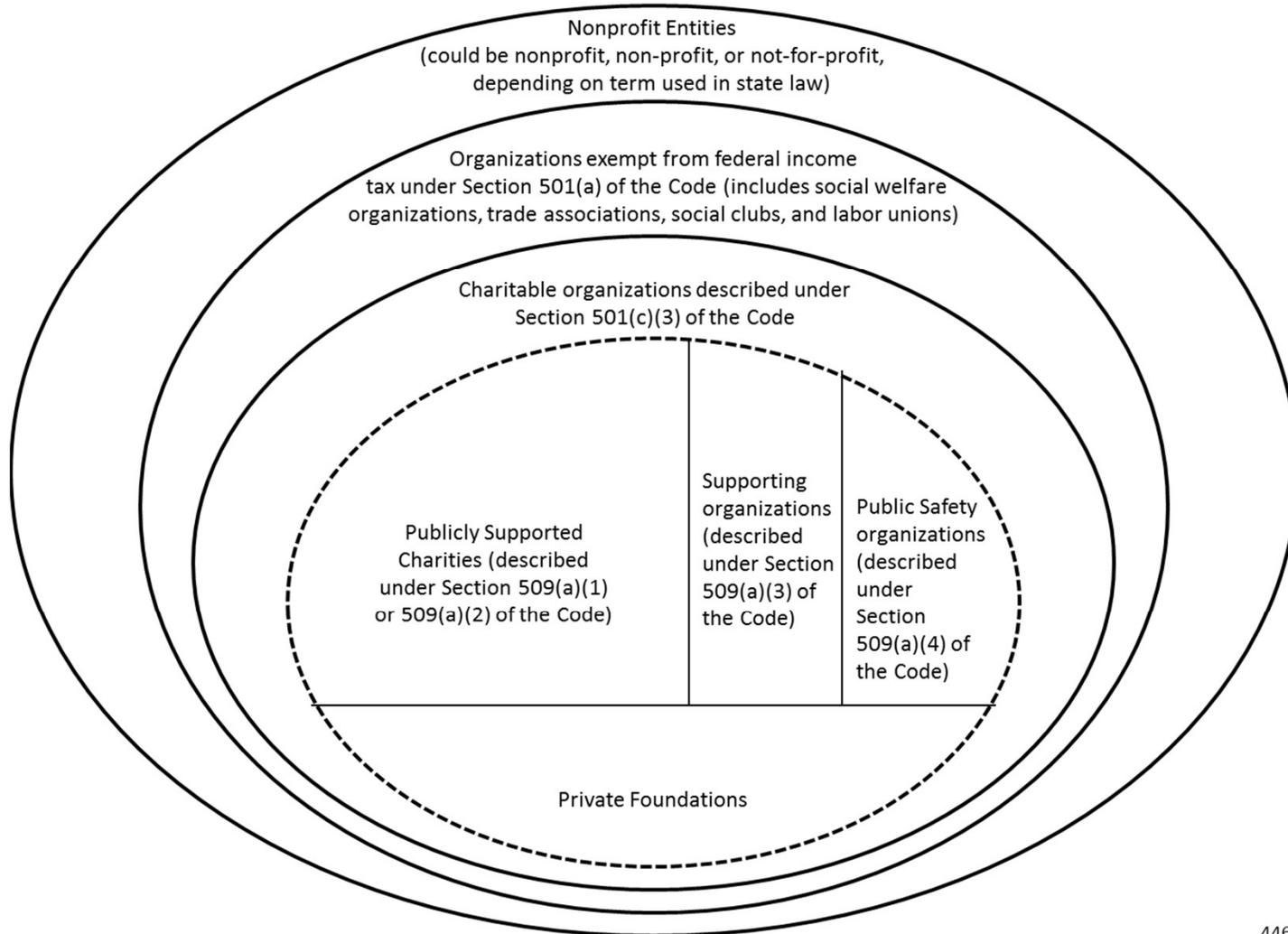
Federal Tax Law

Under Federal tax law, a variety of organizations can be exempt from paying federal income taxes:

- 501(c)(4) social welfare organizations
- 501(c)(6) business leagues
- 501(c)(7) social clubs
- 501(c)(3) charitable organizations

These are all references to sections of the Internal Revenue Code of 1986, as amended.

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

- Organization test: exempt purposes only
- Operational test: substantially charitable activities
- Political Campaign Activities / Lobbying
- Private Benefit/Inurement
- Unrelated Business Income



Federal Documentation

- **Form 1023 / Form 1023-EZ**, *Application for Tax-Exempt Status*
- **IRS Determination Letter** (“*We have determined that you are exempt...*”)
- **Annual Information Return**
 - Form 990
 - Form 990-EZ
 - Form 990-PF
 - Form 990-N
 - Form 990-T

Federal Tax Law

Key Takeaways:

- 501(c)(3)'s like QVNA are a particular category of tax-exempt organization.
- In return for especially favorable tax treatment, there are significant restrictions on what 501(c)(3)'s can do.
- 501(c)(3)'s are subject to documentation requirements

State Law

State Law Matters

- Corporate existence and agreements
- Duties and obligations of directors
- Dissolution, termination, and name changes
- Disposition of assets (sales of property)
- Fundraising
- Sales and real estate tax exemptions

State Law Matters – Corporate Existence and Agreements

Nonprofit organizations can take many forms under state law

- Nonprofit corporation is the most common, but can also have trusts and unincorporated associations.
- If organization is a corporation, it should have a Board of Directors and Bylaws.
- Other names for Board of Directors: Board of Governors, Board of Trustees, Board of Regents.

State Law Matters – Corporate Existence and Agreements

- Organizing document (articles of incorporation are filed with the state where a corporation is organized; the *foundation*)
- Bylaws (if nonprofit is a corporation, bylaws should be adopted by the corporation; *walls and floors*)
- Policies (adopted by the Board; *building systems*)
- Contracts and agreements (entered into by officers and staff with Board approval if necessary; *furniture and appliances*)

State Law Matters – Duties and Obligations of Directors

- Fiduciary obligation
- Duty of Care
- Duty of Loyalty
- Duty of Obedience

These apply not just to Board meetings, but generally to *Board service by Directors*.

State Law Matters – Duties and Obligations of Directors

Fiduciary obligation

A fiduciary duty is the *highest duty implied by law*. Miller v. Keystone Ins. Co., 636 A.2d 1109, 1116 (Pa. 1994); Basile v. H&R Block, Inc., 761 A.2d 1115, 1120 (Pa. 2000); Young v. Kaye, 279 A.2d 759, 763 (Pa. 1971)).

Not honesty alone, but *the punctilio of an honor the most sensitive*, is then the standard of behavior... the level of conduct for fiduciaries [has] been kept at a level higher than that trodden by the crowd. Justice Benjamin Cardozo, *Meinhard v. Salmon* 16 N.E. 545

State Law Matters – Duties and Obligations

Duty of Care

Directors and senior management must “perform their duties in a manner they reasonably believe to be in the best interests of the [nonprofit] using **the same degree of care, skill, caution, and diligence** that a person of ordinary prudence would use under similar circumstances.”

-- Pennsylvania Attorney General Handbook for Charities

State Law Matters – Duties and Obligations

Duty of Care, Practically Speaking:

- Attend and participate in meetings on a regular basis
- Diligently read, review, and inquire about material that affects the corporation
- Keep abreast of the affairs and finances of the corporation
- Use *independent judgment* and make *reasonable inquiries*

State Law Matters – Duties and Obligations

Duty of Loyalty

Directors and senior management must “always perform their duties in good faith with the best interests of the organization in mind.”

-- Pennsylvania Attorney General Handbook for Charities

State Law Matters – Duties and Obligations

Duty of Loyalty, Practically Speaking:

- Ensure that nonprofit's activities and transactions advance its mission
- Must not seek to derive *private gain* in transactions with the nonprofit
- Must not advance their own interests or agenda at the expense of the corporation
- Keep personal and sensitive information *confidential*
- Avoid conflicts of interests, as well as the appearance of impropriety

State Law Matters – Duties and Obligations

Duty of Obedience

Directors and senior management must remain faithful to and pursue the goals of the organization.

State Law Matters – Duties and Obligations

Duty of Obedience, Practically Speaking:

- Ensure that nonprofit complies with applicable laws, regulations, and gift restrictions
- Follow bylaws and policies, including codes of conduct
- Remain focused on the charitable mission of the organization
- Refrain from acting in a way that is inconsistent with the central goals of the organization

State Law Matters – Duties and Obligations

Consequences of Not Meeting Duties and Obligations for Directors

- Reputational loss, as Directors are ambassadors for the organization
- Monetary loss
- Removal from Board
- Personal liability can be imposed on directors, especially for breaches of duty of care and loyalty
- Loss of tax exemption for organization