**Friends of Cheyenne Mountain State Park Board Meeting**

April 20, 2015

The meeting was called to order by Pat Cooper at 4:51 pm.

Members present were: Pat Cooper, Steve Johnson, Susan Simmons, Glen and Barb Scott, Jack Busher, Lori O’Hare, Ralph Cadwallader and Mitch Martin

The March minutes as sent by e-mail were approved by unanimous vote.

**Reports**

**Treasurer’s Report:**  Total assets are: $22,608.45. All of our accounts are now with First Bank.

**Membership:** There are 23 life memberships, and 26 yearly members. There has been one new member and eight renewals.

**Communications:** Erika will continue to use Smilebox for the newsletters. The Smilebox Company gave her a good price to continue using their product. She uses it for her personal use too, so does not need to be reimbursed.

Friends of Red Rocks Canyon liked our Face page.

**Volunteer update:**

There will be no volunteer class this year.

**Park Manager Update**: Mitch introduced us to our new Ranger, Jason Hagan. Jason will be in charge of the campgrounds. Mitch said the park has been very busy already. There has been 100% occupancy every weekend for the past four weeks. For the seasonal employees, there will be one seasonal ranger, two interns, and three maintenance workers, two attendants at camper services and two attendants at the visitor center.

**Old Business:** Last month, Mitch asked for positive reasons to have the donor pavilion, so the state could see value on investment. Glen printed off brainstorming ideas that he and Barb had. He is going to send us the sheet via email, so we can add to it. He felt that we might want to revisit the plans and actually make it bigger so it will get more use.

The open house will be this Saturday April 25th from 10:00 to 2:00. Jack has helped Darcy by telling her what we have done in the past. We should probably make sure a table is available for archery. Pat is going to bring the refreshments.

Earth Day will be celebrated on Sunday, April 26. Darcy has asked scouts to help with the cleanup of 115, Pine Oaks and the archery range.

Last month, Gen said he would look into the commercial sales by a nonprofit. There was question about Art in the Park being sponsored by our Friends organization. Glen did the research that is at the end of this report. After due diligence, his analysis was that getting new guests to come visit the park and view the art is in line with our purpose. Pat is going to ask Pam how the accounting should work. Pat is also going to teach the park staff how to use PayPal.

We should plan on paying the artist monthly. Paul Drummond will display his photographs starting May 1st and 15% of the proceeds will go to Friends. The photographer and Friends will meet at a gallery opening reception the evening before, April 30th. The public is invited. Pat will get a notice to Ralph to send to the Friends.

Each time we receive a grant, there needs to be a final report. We need numbers on attendants and also pictures. Glen is going to send us news release forms so we can get them signed in order to capture pertinent photos of the events.

Lori submitted the paperwork for Indy Gives. We will know by June 1 who gets the grant.

There will be a press release for The Cheyenne Mountain Run in the near future. The web site will be live by May 1. The run does not literally go to the end of the trail. It ends where there is a good wide spot for turn around.

**New Business:**

A DR grader has been purchased, thanks to generous donations and some backing from Friends. We had voted via email to donate $50 towards the purchase. It was proposed to add another $133.11 towards the purchase. It was seconded by Glen and passed unanimously. The grader comes with a six month guarantee. The park is responsible for the maintenance on the grader. Since it has a 48 inch swath, we may want to maintain a standard width of trails in order to use the grader wherever possible.

We will have an event at Bristol Brewery on the 25th of August.

A request has been approved by Mitch for a memorial bench to be placed in the park, with the understanding that if we get a donor pavilion, the plaque from the bench may be removed and placed on the pavilion. The money for the bench will go through the Friends accounting. The board approved.

The meeting was adjourned at 6:02. The next meeting will be May 11.

Respectfully submitted,

Susan Simmons, Secretary

What are the implications of FCMSP supporting the proposed Art in the Park program at CMSP by serving as the vender for sales of art products displayed in the Park?

**1. Key Points from relevant sources**

a. Commercial Sales by Nonprofits

Nonprofit corporations, by definition, exist not to make money but to fulfill one of the purposes recognized by federal law: charitable, educational, scientific, or literary. Under state and federal tax laws, however, as long as a nonprofit corporation is organized and operated for a recognized nonprofit purpose and has secured the proper [tax exemptions](http://www.nolo.com/legal-encyclopedia/form-nonprofit-501c3-corporation-30228.html), it can take in more money than it spends to conduct its activities.

In other words, your nonprofit can make a profit. Whether or not a nonprofit's income is taxable depends on whether the activities are related to the nonprofit's purpose.

Tax-exempt nonprofits often make money as a result of their activities and use it to cover expenses. In fact, this income can be essential to an organization's survival. As long as a nonprofit's activities are associated with the nonprofit's purpose, any profit made from them isn't taxable.

http://www.nolo.com/legal-encyclopedia/taxes-nonprofit-corporation-earnings-30284.html

b. UBIT – Unrelated Business Income

Even though an organization is recognized as tax exempt, it still may be liable for tax on its [unrelated business income](http://www.irs.gov/Charities-%26-Non-Profits/Unrelated-Business-Income-Defined). For [most organizations](http://www.irs.gov/Charities-%26-Non-Profits/Unrelated-Business-Income-Tax-Special-Rules-for-Organizations-Exempt-Under-Code-Section-501%28c%29%287%29%2C-501%28c%29%289%29%2C-501%28c%29%2817%29%2C-or-501%28c%29%2820%29), 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](http://www.irs.gov/file_source/pub/irs-pdf/f990t.pdf).

[http://www.irs.gov/Charities-&-Non-Profits/Unrelated-Business-Income-Tax](http://www.irs.gov/Charities-%26-Non-Profits/Unrelated-Business-Income-Tax)

c. What is UBIT?

For most organizations, a business activity generates unrelated business income subject to taxation if:

1. It is a trade or business,
2. It is regularly carried on, and
3. It is not substantially related to furthering the exempt purpose of the organization.

A trade or business includes the selling of goods or services.[[3]](http://en.wikipedia.org/wiki/Unrelated_Business_Income_Tax#cite_note-3) An activity is regularly carried on if it occurs with a frequency and continuity, similar to what a commercial entity would do if performed the same activity.[[4]](http://en.wikipedia.org/wiki/Unrelated_Business_Income_Tax#cite_note-4) An activity is substantially related to furthering the exempt purpose of the organization if the activity contributes importantly to accomplishing the organization's purpose, other than for the sake of producing the income itself.

http://en.wikipedia.org/wiki/Unrelated\_Business\_Income\_Tax

**2. Discussion**

The question of whether the FCMSP can support an Art in the Park program without paying taxes hinges on whether the effort remains clearly related to our mission/purpose.

The “Overview” statement of our organization as identified to the IRS on our non-profit application in 2002 is:

“The Friends of Cheyenne Mountain State Park serve to protect, enhance and preserve for all time the natural state and spectacular beauty of the park.  We are also dedicated to working in partnership with the park staff to promote recreational and educational activities as well as advocating for important park issues.”

In addition to the above, we identified to the IRS that our “activities” would include:

“2. Raise money. Raise funds through collecting memberships, donations, and merchandise sales…”

Supporting a program to encourage bringing artists and their works into the Park, and encouraging members of the public to visit the Park and view their works of art appears clearly related to our purpose. Further, using any monetary proceeds from supporting this program (ie., serving as the agent for the public to purchase offered art products) to support our Park programs (such as providing supplies for the Park Volunteer program, etc) also closely relates our purpose.

**3. Conclusion and Recommendation**

There appears minimal risk that FCMSP serving as the vender for artwork associated with the proposed Art in the Park program would result in having to file and pay taxes for commercial sales. The clearer the relationship between supporting the Art in the Program and our purpose as a non-profit the less the risk of complications

Conclusion: Support the Art in the Park Program. Align any “profits” from supporting the program to our Park direct support programs.