

U.S. GRAIL REPORT TO GRAIL NATIONAL COUNCIL

Date: 2/22/2023 Report Compiled by: Terrie Puckett

UPDATES: The Grail

- Council Correspondence—a note was placed in the NGN by NLT that all member correspondence to Council should go to Thanh's Council email address so that it does not get lost. She will respond that the message has been received. She will then be responsible for bringing to NLT or Council (depending on the issue) for discussion, decision, etc.
- Virtual F2F—Alas, the only day everyone is available is March 18th, making this a 1-day virtual face-2-face.
- Bylaws Consult/Open Forum—a notice requesting feedback on the proposed Bylaws change has been in last 3 NGNs. No one has submitted anything. However, the NGN article notes an Open Forum will be held. Council needs to determine a date for this forum, how it will be organized, who will be facilitating, and if all Council must be present.
- Notetaker—we continue to seek someone to fill this consult position.
- Personnel Cte Update—Personnel Cte—with the ED—has made draft revisions to the Personnel Policy. Once the Personnel Cte is satisfied with the document, it will come to Council for approval. Personnel Cte also made changes to the Executive Director position description (taking the large list of “other duties” from the ED annual review and incorporating them as appropriate). The Personnel Cte recommends the approval of the modified description (in your packet) by Council.
- Financials—the financial annual packet went out to all members and can be found on the member dashboard. Finance Cte has reviewed the December Prelims (included in your packet; Prelims means no adjustments or depreciations yet—those are done during the 990prep/review). They have a couple questions which do not alter the bottom line but how items are categorized.
- Financials II—Aggregate actuals without counting the bequests were (\$180,319.90) with annual budget of (\$235,939.00) which means our preliminary 2022 actuals (without bequests) were \$55,619.10 (26%) better than budget.
 - Member giving negatively impacted the bottom line as it came in \$30k (45%) under budget,
 - However, the positive income from Cornwall almost made up for it as Cornwall's prelim actuals are \$25,607.43.
 - A small portion of the final net can be attributed to the fact some of the Mission Initiatives did not occur (although the by-far largest, SYAWI Crew went a little over), but
 - There were significant savings from the expense columns in all three sections (personnel, non-personnel, and occupancy)

UPDATES: Cornwall

- Lease Negotiation Prep—In preparation for Council conversations regarding renewal/renegotiation I asked for a copy of RMMs most recent 990 (from year 2021) and have it in hand. There have been claims that RMM has a lot of money and that is why they should be paying more in rent, because “they can afford it.” This has also been used to publically state (by one member) why the revised educational/scholarship policy concept suggested by Terri Carter NOT include RMM participants. I am not sure where this misinformation originated but here is what the 990 (and the earlier 990s concur) tells us:
 - While RMM DID generate almost \$1.7m in income in 2021, their expenses were almost \$2.1m, so they ended the year in the negative and had to use other assets to pay for the deficit.

- Their income is generated from donations and grants NOT program fees—which means their participants do not pay for programs.
- Their income is generated to cover specific costs each year with a portion restricted by either the grant-maker or the donor (which means it can only be used for what the given has stated). They began the year with about a 50/50 split of what is restricted and what was not
- Their NET assets at the end of 2021 were \$220,959. In comparison, The Grail's net assets at the end of 2021 were \$10,495,954. So just about \$10.5MILLION (about 60% in our cash accounts and portfolios, the rest land, equipment and other assets).
- Open Forum Corrections—after reading the transcripts from the SCAG Open Forums I noted there are a few inaccuracies that tend to be repeated. These need to be understood as such especially if Council members are part of the conversations where they might be reiterated.
 - Lease “due” date—this is 120 days before auto-renewal which makes the date to RMM of any changes JUNE 8th, not April 8th
 - 501c3 status jeopardy—there is a belief that if The Grail is not doing Grail mission activities on Grail property, then the Grail is in jeopardy of losing its 501c3 status. This is incorrect. The IRS does not care where Grail mission activities occur; they care that they are happening. This is why each year the office asks members to complete the Member Activities Survey in December—so that the full measure of Grail mission activities can be noted.
 - AirBnb rentals tax impact—there are 4 areas where non-mission activities occurring on Grail property could impact The Grail. 1. UBIT, Unrelated Business Income Tax. And 2. Property Tax. NEITHER impacts the 501c3 status (caveat, should a 501c3 have significant UBIT over multiple years, then yes, that could cause a review of the status—as it should). 3. Sales Tax. 4. Lodging Tax.
 - UBIT—nonprofits are allowed to generate income from activities that are unrelated to their stated mission. There are a LOT of exceptions to UBIT, but if, in any given tax year, the unrelated business income generated is SUBSTANTIAL within the overall amount, then the nonprofit could be required to pay a flat tax (21% in 2022) on THAT unrelated business income...not on the total income. Because The Grail is national, and income generation happens in primarily 2 locations, as long as we balance what we are doing so as not to go over the threshold, The Grail is safe from UBIT.
 - Property Tax—At Cornwall, The Grail currently pays property tax on 2 unimproved parcels. Legally, we shouldn't be, but the original Grail members at that location decided (it is my understanding) to accept the tax requirement as a goodwill gesture to the community. Having said that, should The Grail engage in certain kinds of activity on Grail property which are not mission then in theory, the county COULD begin to charge property tax on THAT portion of the land. For example, should The Grail lease out property to a for profit business for its operation...THAT could trigger property tax.
 - Sales and Lodging Tax—as The Grail learned when running the retreat centers, overnight rentals mean the collection and payment (to the state) of sales and lodging tax. In Cornwall-on-Hudson, the Sales Tax on rentals is 8.125%, Lodging Tax is 5%. Overnight rentals to those organizations which are tax-exempt (like a 501c3) do not incur Sales Tax, but still pay Lodging Tax. For these rentals, it is

- The Grail's responsibility to track and pay this monthly. The Grail would also have to register with the State of NY as an overnight accommodation facility.
- Language from Bylaws and 2009 Strategic Plan—while using language from either of these documents is not incorrect per se, it should be noted that some background is needed to understand why doing so is problematic.
 - The Bylaws “purpose” section changes over time (although not since before 2009) to reflect where The Grail is going. In addition, the Purpose section has always been written to be as broad as possible recognizing that The Grail does not/is not the “same on the ground” for all members in all locations...and to give wiggle room.
 - 2009 Strategic Plan—Was written after the 2008 GA where the Movement Building Scenario was fleshed out. The MBS was then deemed not-functional at the 2014 GA and abandoned. The Strategic Plan has not been updated because The Grail has not determined what the future should look like. Please note, that the goals in the Strategic Plan do not exactly match the pre-2009 Bylaws Purpose exactly, but are a loose interpretation of these.

UPDATES: Loveland

- GVIC-SS Cte—members have submitted letters of interest to serve on this committee. Council needs to decide on the number of members this cte should have. .
- Fencing—Have spoken with Eads and they are making plans to install as indicated by spring break (when vandalism picks up) while the overgrowth is still dead.

Decisions Needed:

1. Approve ED Position Description
2. Set Open Forum sub cte for bylaws proposed change
3. Choose GVIC-SS Cte member number