

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

2008

Open to Public Inspection for 501(c)(3) Organizations Only

Department of the Treasury
Internal Revenue Service

For calendar year 2008 or other tax year beginning _____, and ending _____

A <input type="checkbox"/> Check box if address changed B Exempt under section <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a)	Print or Type	Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.) NORTHERN CLAY CENTER Number, street, and room or suite no. If a P.O. box, see page 9 of instructions. 2424 FRANKLIN AVENUE EAST City or town, state, and ZIP code MINNEAPOLIS, MN 55406	Employer identification number (Employees' trust, see instructions for Block D on page 9.) 41-1616650 Unrelated business activity codes (See instructions for Block E on page 9.) 423000
C Book value of all assets at end of year 3,176,998.	F Group exemption number (See instructions for Block F.) ▶ _____ G Check organization type ▶ <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust		

H Describe the organization's primary unrelated business activity. ▶ **GALLERY SALES**

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ▶ Yes No
If "Yes," enter the name and identifying number of the parent corporation. ▶ _____

J The books are in care of ▶ **EMILY GALUSHA** Telephone number ▶ **612-339-8007**

Part I Unrelated Trade or Business Income	(A) Income	(B) Expenses	(C) Net
1a Gross receipts or sales 305,488.			
b Less returns and allowances _____ c Balance ▶ _____	1c 305,488.		
2 Cost of goods sold (Schedule A, line 7) _____	2 177,348.		
3 Gross profit. Subtract line 2 from line 1c _____	3 128,140.		128,140.
4a Capital gain net income (attach Schedule D) _____	4a		
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797) _____	4b		
c Capital loss deduction for trusts _____	4c		
5 Income (loss) from partnerships and S corporations (attach statement) _____	5		
6 Rent income (Schedule C) _____	6		
7 Unrelated debt-financed income (Schedule E) _____	7		
8 Interest, annuities, royalties, and rents from controlled organizations (Sch. F) _____	8		
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G) _____	9		
10 Exploited exempt activity income (Schedule I) _____	10		
11 Advertising income (Schedule J) _____	11		
12 Other income (See instructions; attach schedule.) _____	12		
13 Total. Combine lines 3 through 12 _____	13 128,140.		128,140.

Part II Deductions Not Taken Elsewhere (see instructions for limitations on deductions.)
(Except for contributions, deductions must be directly connected with the unrelated business income.)

14 Compensation of officers, directors, and trustees (Schedule K) _____	14	15,904.
15 Salaries and wages _____	15	92,613.
16 Repairs and maintenance _____	16	366.
17 Bad debts _____	17	
18 Interest (attach schedule) _____	18	
19 Taxes and licenses _____	19	8,651.
20 Charitable contributions (See instructions for limitation rules.) _____	20	
21 Depreciation (attach Form 4562) _____	21	8,580.
22 Less depreciation claimed on Schedule A and elsewhere on return _____	22a	22b 8,580.
23 Depletion _____	23	
24 Contributions to deferred compensation plans _____	24	
25 Employee benefit programs _____	25	4,977.
26 Excess exempt expenses (Schedule I) _____	26	
27 Excess readership costs (Schedule J) _____	27	
28 Other deductions (attach schedule) _____ SEE STATEMENT 1	28	58,781.
29 Total deductions. Add lines 14 through 28 _____	29	189,872.
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13 _____	30	-61,732.
31 Net operating loss deduction (limited to the amount on line 30) _____	31	0.
32 Unrelated business taxable income before specific deduction. Subtract line 31 from line 30 _____	32	-61,732.
33 Specific deduction (Generally \$1,000, but see instructions for exceptions) _____	33	1,000.
34 Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32 _____	34	-61,732.

Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here [] See instructions and: a Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): (1) \$ (2) \$ (3) \$ b Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$ (2) Additional 3% tax (not more than \$100,000) \$ c Income tax on the amount on line 34 35c 0. 36 Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 34 from: [] Tax rate schedule or [] Schedule D (Form 1041) 36 37 Proxy tax. See instructions 37 38 Alternative minimum tax 38 39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies 39 0.

Part IV Tax and Payments

40a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116) 40a 40b Other credits (see instructions) 40b 40c General business credit. Attach Form 3800 40c 40d Credit for prior year minimum tax (attach Form 8801 or 8827) 40d 40e Total credits. Add lines 40a through 40d 40e 41 Subtract line 40e from line 39 41 0. 42 Other taxes. Check if from: [] Form 4255 [] Form 8611 [] Form 8697 [] Form 8866 [] Other (attach schedule) 42 43 Total tax. Add lines 41 and 42 43 0. 44a Payments: A 2007 overpayment credited to 2008 44a 44b 2008 estimated tax payments 44b 44c Tax deposited with Form 8868 44c 44d Foreign organizations: Tax paid or withheld at source (see instructions) 44d 44e Backup withholding (see instructions) 44e 44f Other credits and payments: [] Form 2439 [] Form 4136 [] Other Total 44f 45 Total payments. Add lines 44a through 44f 45 46 Estimated tax penalty (see instructions). Check if Form 2220 is attached [] 46 47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed 47 0. 48 Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid 48 0. 49 Enter the amount of line 48 you want: Credited to 2009 estimated tax Refunded 49

Part V Statements Regarding Certain Activities and Other Information (See instructions on page 18)

1 At any time during the 2008 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here Yes No X 2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see page 5 of the instructions for other forms the organization may have to file. Yes No X 3 Enter the amount of tax-exempt interest received or accrued during the tax year \$

Schedule A - Cost of Goods Sold. Enter method of inventory valuation

COST

Table with 2 main columns for inventory values and 2 sub-columns for 'Cost of goods sold' and 'Do the rules of section 263A... apply to the organization?'. Line 1: 27,431. Line 2: Purchases. Line 3: Cost of labor. Line 4a: Additional section 263A costs. Line 4b: Other costs (attach schedule) 175,110. Line 5: Total. Add lines 1 through 4b 202,541. Line 6: Inventory at end of year 25,193. Line 7: Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2 177,348. Line 8: Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization? Yes No X

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. Signature of officer EXECUTIVE DIRECTOR Date Title

May the IRS discuss this return with the preparer shown below (see instructions)? [X] Yes [] No

Paid Preparer's Use Only

Preparer's signature RYAN J. TERRY, LTD. Date Firm's name (or yours if self-employed), address, and ZIP code 550 MAIN STREET, SUITE 220 ST PAUL, MINNESOTA 55112 Check if self-employed Preparer's SSN or PTIN 476-88-0627 EIN 41-1654490 Phone no. 651-636-3806

Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property)(see instr. on pg 19)

1 Description of property

Table with 4 rows for property description (1-4).

2 Rent received or accrued

Table with 3 columns: (a) From personal property, (b) From real and personal property, and 3(a) Deductions directly connected with the income.

(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) 0. (b) Total deductions. Enter here and on page 1, Part I, line 6, column (B) 0.

Schedule E - Unrelated Debt-Financed Income (See instructions on page 19)

Table with 4 columns: 1 Description of debt-financed property, 2 Gross income from or allocable to debt-financed property, 3(a) Straight line depreciation, 3(b) Other deductions.

Table with 5 columns: 4 Amount of average acquisition debt, 5 Average adjusted basis, 6 Column 4 divided by column 5, 7 Gross income reportable, 8 Allocable deductions.

Totals Enter here and on page 1, Part I, line 7, column (A) 0. Enter here and on page 1, Part I, line 7, column (B) 0.

Total dividends-received deductions included in column 8 0.

Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations (See instructions on page 20)

Table for Exempt Controlled Organizations with 6 columns: 1 Name of controlled organization, 2 Employer identification number, 3 Net unrelated income, 4 Total of specified payments made, 5 Part of column 4 that is included in the controlling organization's gross income, 6 Deductions directly connected with income.

Nonexempt Controlled Organizations

Table with 5 columns: 7 Taxable Income, 8 Net unrelated income (loss), 9 Total of specified payments made, 10 Part of column 9 that is included in the controlling organization's gross income, 11 Deductions directly connected with income.

Totals Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A) 0. Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B) 0.

Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization
(see instructions on page 21)

1 Description of income	2 Amount of income	3 Deductions directly connected (attach schedule)	4 Set-asides (attach schedule)	5 Total deductions and set-asides (col. 3 plus col. 4)
(1)				
(2)				
(3)				
(4)				
Totals	0.			0.

Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income
(see instructions on page 21)

1 Description of exploited activity	2 Gross unrelated business income from trade or business	3 Expenses directly connected with production of unrelated business income	4 Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5 Gross income from activity that is not unrelated business income	6 Expenses attributable to column 5	7 Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals	0.	0.				0.

Schedule J - Advertising Income (see instructions on page 21)

Part I Income From Periodicals Reported on a Consolidated Basis

1 Name of periodical	2 Gross advertising income	3 Direct advertising costs	4 Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5 Circulation income	6 Readership costs	7 Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))	0.	0.				0.

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1 Name of periodical	2 Gross advertising income	3 Direct advertising costs	4 Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5 Circulation income	6 Readership costs	7 Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
(5) Totals from Part I	0.	0.				0.
Totals, Part II (lines 1-5)	0.	0.				0.

Schedule K - Compensation of Officers, Directors, and Trustees (see instructions on page 22)

1 Name	2 Title	3 Percent of time devoted to business	4 Compensation attributable to unrelated business
EMILY GALUSHA	EXECUTIVE DIRECTOR	20.00%	15,904.
		%	
		%	
		%	
Total. Enter here and on page 1, Part II, line 14			15,904.

FORM 990-T OTHER DEDUCTIONS STATEMENT 1

DESCRIPTION	AMOUNT
PROFESSIONAL FEES	5,488.
ACCOUNTING	2,755.
SUPPLIES AND MATERIALS	4,387.
TELEPHONE	1,078.
POSTAGE AND SHIPPING	9,173.
OCCUPANCY	8,863.
PRINTING AND COPYING	8,384.
INSURANCE	1,142.
TRAVEL	4,277.
MEETINGS	274.
ADVERTISING	7,375.
BANK CHARGES	5,585.
TOTAL TO FORM 990-T, PAGE 1, LINE 28	58,781.

FORM 990-T COST OF GOODS SOLD - OTHER COSTS STATEMENT 2

DESCRIPTION	AMOUNT
MATERIALS AND SUPPLIES	175,110.
TOTAL TO FORM 990-T, SCHEDULE A, LINE 4B	175,110.

