



Breakfast Exchange Club Board of Directors Meeting Minutes

November 13, 2018 – 5:45 P.M.
Yellowstone Room

Members in Attendance

Tony Parish, *Past President*; Cory Hasiak, *President*; Rene Critelli, *President-Elect*; Ed Kaufman, *Treasurer*; Dina Harmon, *Secretary*; Mike Fleming, *Business Manager*
Directors: Tanya Doke, Don Lohrenz, John Eastman, Dan Singer
and Chris Kosine

Members in Absent

Bruce Glennie

Guests in Attendance

Dennis Bar, Member; Kevin Davis, Grants Committee Co-Chair; Steve Pascal, Member; Mark Koerber, Leif Welhaven, Member

I. MEETING CALLED TO ORDER

A. Pledge of Allegiance.

B. October 2018 Meeting Minutes

Minutes from October's meeting were presented for approval. It was motioned by Dan and seconded by Don to approve minutes as written. Motion passed unanimously.

C. Potential New Member Interviews

No new member applicants for November.

II. OFFICER REPORTS

President's Report:

President Cory Hasiak reported Brews and BBQ will remain at the Metra, they will pay the club \$5,000 to pour beer, and there will be zero tolerance moving forward for the brewers handing out their own beer.

Secretary's Report:

Secretary Dina Harmon reported membership as standing at 176. Mike Heidt resigned from the club.

Treasurer's Report:

Treasurer Ed Kaufman submitted the financial reports to the board for review. Accounts Receivable shows many members in dues arrears and letters to go out this month. Financials are looking good.

President Elect's Report:

Rene reported things have slowed down a bit with only three events in November and two events in December. December will include Chase Hawks rodeo and MMA Fights. Rene also reported the text reminders seem to be going well.

Business Manager Report:

Mike reported the clubs gross sales to date are \$395,243. Which is about what we made for the entire year last fiscal year.

Mike also reported that Weird Al has been added and we will have the PBR in April.

III. Committee Reports

Membership Committee – Tony reported they held a new member orientation and two new members attended.

Grants Committee – Kevin Davis spoke on the grant requests received by the committee and the amount they were recommending. Please see attachment number one for recommendations. Tony motioned we accept the grant recommendations as put forth by the Grants Committee. Don seconded the motion with amendment that we do not provide a grant to the Jr. League of Billings and to limit the two entities (YWCA and Montana Rescue Mission), who applied for two grants, to only receive one grant this fiscal year. Dan seconded the amended motion. Amended motion passed.

Americanism Committee – The breakfast held at the American Family Restaurant to honor our members who are Veterans went well. There were 30 attendees, five of which were Veterans. The next event will be handing out flags in the holiday parade on November 23rd.

Social Committee – The Halloween Brewery Crawl was a big hit. The committee doesn't have any other social events planned until the Holiday Party on January 12th.

House Committee – Members are putting together a nice end of the year breakfast. More details to come as the event comes together.

Food Truck Battle – Saturday, June 15th has been chosen as this year's date.

Freedom Shrine Committee – Two Freedom Shrines to be done this year. Leif suggested we rededicate the Freedom Shrine at McKinley School either with all new plaques and the new background or use the existing plaques with the new background. For the second one, he suggested we rededicate the Freedom Shrine in the Yellowstone Room either with the existing plaques and new background or new

new flag background in the Yellowstone Room. Dan seconded the motion. Motion passed unanimously.

IV. OLD BUSINESS

A. New Clubs

Leif updated the board on the new Elder Grove Jr. Excel Club being led by Ann Gunderson and himself. There is much interest from the kids and looks as though it will launch during the upcoming holiday break. The club to sponsor the Elder Grove Jr. Excel club and pay the \$250 fee.

The Heights Club is sponsoring a new Excel Club at Skyview. Bozeman doesn't have quite enough members to launch but they are getting close.

B. Chamber of Commerce

Several months ago, Leif asked the board if they were interested in having a Chamber of Commerce membership. The board declined at that time. Since that time, there has been a change in that thought. Tony motioned we reimburse Leif the \$94 for our share of the membership fee and become a member. Rene seconded the motion. Motion passed.

V. NEW BUSINESS

A. Member in arrears

One of our members has become arrears in dues but would like the opportunity to catch up and remain a member. Leif came before the board on the member's behalf as he was the member's sponsor. Leif presented a payment plan for the board's consideration and agree to pay a small portion himself on member's behalf. The payment plan will catch the member up in dues prior to another quarter being billed on January 1st. Dan motioned we accept the payment plan as presented. Tony seconded the motion. Tanya amended the motion to state that Leif will not pay the amount he has agreed to until the payments have been made by the member. Tony seconded the amended motion. Motion passed.

B. Audit

Dennis Bar, Mark Koerber, and Steve Pascal came before the board to request the board perform both an organizational audit and a financial audit as they see required in the by-laws. They feel these audits would protect all of those in club that handle cash and protect the club as a whole during contract renewal. It is their request that an audit committee be formed from members to complete these annual audits.

Audit discussion tabled until Cory and Rene can meet with Dennis, Mark, and Steve to discuss outside of the board meeting. Please see attachment number

two that Treasurer Ed Kaufman has addressed in attachment number four. Please also see attachment number three for the presentation given by Dennis.

C. Trailer Donation

Quentin Eggart has donated the trailer valued at \$4,800 which has been used to store the flags for the Fields of Honor to the club. The board had voted to accept the donation and hold liability insurance on the trailer and pay for any licensing.

D. Marine Corps League

Tom Lowry of the Marine Corps League has asked the club to consider pouring beer one night for their social event during their annual convention that is to be in Billings, August 1st through 10th. He asked the club donate one beer ticket to each attendee and any additional beers would be purchased by the attendees. Tony will work with Tom on the specifics.

E. Tough Enough to Wear Pink

The tips from Friday night were \$557 and the tips from Saturday night were \$885 and there was not a total for Thursday night's tips readily available. Tony motioned we donate the tips from all three nights of the PBR to the Eva Project up to \$1500. Tanya seconded the motion. Motion passed.

F. Veterans Meat Locker

Don motioned we donate a freezer to the Veteran's Meat Locker. Tanya amended the motion to say we will donate a freezer to the Veteran's Meat Locker up to \$1500 from tip monies. Don seconded amended motion. Motion passed.

G. Tumbleweed Donation

Tony asked the board for \$500 to purchase underwear, socks, and gloves above what members are donating. Don amended the motion to spend \$1000 on underwear, socks, and gloves to be donated to Tumbleweed. Chris seconded the amended motion. Motion passed.

Chris Kosine's Boy Scout Troop to also help purchase socks, underwear and gloves.

H. Member Request – Keg Beer vs. Specialty Canned Beers

A member has sent Cory concerns that the club and local charities that we donate to are losing money because the club is offering more and more canned products that cost more and are selling in high demand. After discussion, it was determined the club is not really losing money in offering the cans of specialty beer and Mike does have an agreement with both distributors to allow them to each put in at least three different products of their choosing.

VI. NEXT MEETING

The next BEC Board meeting is scheduled for December 11th.

VII. ADJOURNMENT

The meeting was adjourned at 7:52 p.m.

Submitted 11/14/18 by Dina Harmon

Attachment #1



MEMORANDUM

November 7, 2018

From: Kevin Davis & Ed Kaufman, Co-Chairman

To: Grants Committee – Breakfast Exchange Club

Subject: Grant Recommendations for 1st quarter 2018-2019

Fourteen members of the Grants Committee met Tuesday, November 6, 2018 to consider grant applications we have received from the following organizations. Board allocated a total of \$45,720 to fund grant requests for the quarter. Committee recommendations are as follows:

1. Friends of the Yellowstone National Veterans Cemetery – Requests grant of \$5000 to help fund the replacement of flags flown at the Yellowstone National Veterans Cemetery. Recommend funding grant request of \$5000 plus recommend considering an additional 1026.40 for a total of **\$6026.40** which is the total cost of replacement flags for one year as outlined in their grant application.
2. Family Promise of Yellowstone Valley – Requests grant of \$5000 to fund a matching grant program for their organization with helps the homeless achieve and sustain independence. Recommend grant of **\$5000**.
3. Tumbleweed - Requests grant of \$10,000 to help support costs associated with providing services to vulnerable and homeless youth in their Drop-in Center overnight and day programs. Recommend **no grant** at this time with suggestion to resubmit with clear specifics regarding where grant will be utilized within their organization.
4. Child Bridge, Inc. – Requests grant of \$4500 to be allocated to the three Child Bridge resource groups operating in Yellowstone County who provide one of the only ongoing training and support resources available to foster families that care for abused and neglected children in our area. Recommend **\$4500** grant.
5. Junior League of Billings – Requests grant of **\$5000** to help fund scholarships for their January 2019 leadership development and empowerment training conference. The conference targets a diverse group of women in our community in an effort to help them be successful in the work force and everyday life. Recommend grant of **\$5000**.
6. Montana Rescue Mission – Men's Shelter – Requests grant of \$7500 to fund replacement of their worn-out refrigeration compressors. Recommend grant of **\$7500**
7. Montana Rescue Mission – Women's and Children's Shelter – Requests grant of \$7500 to help fund the costs of a serving kitchen that will also serve as a culinary academy. The shelter currently doesn't serve meals at the Shelter and those sheltered walk to the men's shelter for meals. Whereas a recommendation to fund this grant would exceed the yearly \$7500 maximum to a single non-profit, the

committee recommends that club go forward with voting procedure with BEC membership (per club by-laws) to further consider this grant request.

8. YWCA – Requests grant of \$7500 for their Gateway-Vista Adopt A Home Rental Assistance program which will housing assistance for the victims of domestic violence, sexual assault and human trafficking that they serve. Committee recommends that this grant be carried over to 2nd quarter for further discussion and subsequent recommendation.
9. YWCA – Requests grant of \$7500 for ongoing operating costs of Gateway Shelter and Transitional Services which provide a variety of services and programs to victims of domestic and sexual violence, and human trafficking. Recommend grant of \$7500.

Requests totaled \$59,500.

Current recommendations total: \$ 35,526.40

Final total if membership approves an additional \$7500 to Montana Rescue Mission: \$43,026.40

Attachment #2

A few general questions about BEC financial statements (October 8, 2018)

1. Balance Sheet, ASSETS, Checking/Savings -- Is "CASH" undeposited cash or is this the checking account?
2. Why are we maintaining the "general account" when we have a "new general account?"
3. AR – Members Balance Sheet (\$13,152.) amount does not match the A/R Aging schedule (\$25,243.41). Why doesn't it? (This is a variance of more than \$12,091.)
4. Other Assets – Liquor License shows more amortization than the license is valued at. This is not possible nor proper.
5. Liabilities – Current Liabilities Accounts Payable has a contra balance of -155.75. Why?
6. Equity, Unrestricted (retained earnings) is negative. Does the board realize it is negative because we lost money last year. (Because we made an inordinate amount of money the previous year and held over that grant money to grant in the subsequent year, Jul 2017-Jun 2018.)
7. New General Account, 09/08/2018 undeposited funds \$3,108.00. What was the source of the funds? (Classified as "undeposited" does not define where the monies came from.)
8. New General Account, 09/01, 09/22, 09/28, 09/08, 09/16, 09/22, 10/07 (3), 07/16, 09/01, 09/10, 10/01 deposits list the accounts as –split-, with a memo of only "deposit" which is minimal, perhaps inadequate definition as to where the deposits came from.

Attachment #3

Written/read comments at BEC board meeting, Tuesday, November 13, 2018.

Thank you Cory and this board for the opportunity to appear before you and offer my suggestions and recommendations.

I am here this evening to talk about whys and wherefores of my belief in the need for a new and different audit process for the Breakfast Exchange Club of Billings.

Let me clearly express to you that I have no hidden agenda. I am not questioning nor do I have any suspicions of inappropriate behavior or actions by anyone in the club. I am in no way suggesting impugning on the integrity of any club members with my requests, concerns and suggestions.

I have been visiting with members of the club for the past three to four years about my concern about the potential upcoming renewal of our contract agreement with the county. Gene Jarussi shared with me how the laws and regulations have changed at the state level which will make this renewal significantly different than our past renewals and extensions.

Regarding the renewal, I have faith in the Montana Tavern Association and great faith in the Yellowstone County Tavern Association; -- that they will do whatever they can, including innuendo, misrepresentation, politicking, back stabbing, and torpedoing the club to sabotage our ability to continue to provide support to non-profits in our community through the monies we raise via our agreement with the county and Metra.

The saying goes **"You cannot prove a negative"**.

When our opponents to our contract renewal allege through innuendo that we have done something wrong, or not done something right that we should have, we are in no position to refute that innuendo. I believe we have no independent nor documented evidence to respond to negative inferences by the tavern associations. I expect their campaign against us to make this past political season look tame in comparison.

The question is: How do we protect ourselves against false allegations, misrepresentations, (lies?), claims, innuendo, questions, etc.?

By having an "operational audit" done (at least) once per year, which would by inclusion include a financial audit, we can be in a position to defend the club, our revenue source and our support of non-profits in our community.

An audit committee, as currently provided for in our new bylaws, chosen by the president-elect could come under criticism (and allegation) of conflict of interest and/or cronyism. The best method to ensure independence and accountability to the membership is to have them nominated by and elected by the members.

It is important to understand that an audit results in a written report that is by definition an (audit) "opinion". An audit committee and the resulting report does not change anything; it does not change procedures, results, methodologies, bylaws, policies, etc. It expresses opinion(s) and often times offers suggestion(s) for improvement(s) in checks and balances, procedures and reporting.

Only the board, and the club by vote of membership, can make such recommended changes.

An audit report often also offers options and ideas to the board and club on how to continuously improve.

The Breakfast Exchange Club of Billings essentially operates a half million dollar plus organization that generates cash for our community. And let's face it, almost all of our revenues come via cash and handling of cash. And this is probably where we are most vulnerable to attacks from those that will oppose our contract renewal.

As such we should be operating the very best organization we are capable of. By having independent audits of our operations (and finances) we can generate ideas and ways of improving so that we can continuously and increasingly generate cash for granting to priority needs within our community.

I respectfully request the board implement a policy and bylaw change to have an audit committee comprised of elected members of our club to serve in three year rotating terms to provide for consistency and continuity.

Attachment #4

Responses to Dennis' questions concerning the monthly financial statements. One comment: These questions are based upon the 10/8/18 Statements.

I did shred my copy of those after the Business meeting as there were no questions presented. I will do my best to answer these based on current information and what I could re-create for that date from Quickbooks.

- 1) The item CASH showing on the balance sheet is the cash on hand we have at Metra. It is for the tills and it is kept in our safe.
- 2) We are currently showing two general accounts due to changes/updates in business accounts at US Bank. The club had for years used an account for business that was a grandfathered consumer product. We were advised to open a new account.
We did so as we assumed the old account would be closed. The advantage to the old account was that there were no cash handling fees. I wanted to be assured that the new account would not have fees either. That does appear to be the case so far. We will be closing that old General account in the near future. It keeps a balance high enough to avoid any monthly service fees and there are no transactions running through it currently.
- 3) The amount showing on the Balance sheet for the Members account (\$13,152) is the balance in the Members checking account. The amount on the aging schedule is the amount of total Accounts Receivable (members & Tiny's) They are two different types of accounts. One is asset -one is a receivable.
- 4) All entries or changes to these accounts come but way of a journal entry directed by our accountant and are changed or updated in accordance with the tax return. He states that amortization number is based on the total of all of the other asset accounts. It is correct and proper.
- 5) The \$155.75 is an overpayment by one of our vendors.
- 6) The entries to any Equity accounts are again made only by way of a journal entry at the direction of our accountant. We did show a net loss for most the year due to what Dennis states here. Again our accountant has a work paper that shows how we arrived at these numbers. The grants we gave last year were from monies earned the previous year so the profit and loss showed a loss accordingly and Quickbooks puts the net loss/income in the unrestricted Retained earnings account as a default.
- 7) When a deposit is made through the Quickbooks program it initially puts those funds in an "undeposited funds" que for a short while. The deposit is typically in that que for perhaps a day and then it shows in the general ledger account designated accordingly. This feature can be turned off.
- 8) When a deposit is split between numerous depositors the default within Quickbooks is "Split". Typically if I have a specific deposit I will list who it is from. When I have numerous depositors I let the default be. It is most likely a combination of checks Tiny's/Service invoices... all of that information is available.

I hope this answers Dennis' question regarding the 10/8/18 Financial Statement. As always I am open to any questions on any of our financial information. I provide this information on a monthly basis for informational and transparency purposes.