

EDA/EDC – Joint Board Meeting
Thursday, July 13, 2023
7:00 A.M. to 9:00 A.M.
Rock31/BSED Building- 201 N Broadway
Zoot Training and Event Space (2nd Floor)

BIG SKY ED Mission Statement: - Focused on sustaining and growing our region's vibrant economy and outstanding quality of life, **Big Sky Economic Development** provides leadership and resources for business creation, expansion, retention, new business recruitment and community development.

Agenda items may be rearranged unless an item is listed as having a "time certain". Action may be taken on any item listed on the Board Agenda.

- 7:00 AM Call to Order/Pledge of Allegiance/Roll Call – Kim Jakub, EDC Chair**
- 7:02 A.M. Public Comment/Recognitions/Special Announcements and Introductions**
- Intro VBOC Director, Rick Brown
 - Greater Good Health – Matt Gagalys,CCO
- 7:20 A.M. Changes to Today's Agenda**
- 7:25 A.M. Consent Items for Board Action** (EDA & EDC Board Action)
- Minutes – June 8, 2023 (Attachment A)
 - Electronic Board Meeting Minutes – June 12, 2023 (Attachment B)
- 7:30 A.M. Financial Matters—Tami**
- EDA/EDC Financials for May 2023 (Attachment C) (EDA/EDC Action)
 - Projected Year-End Budget Performance/Recommendations – Tami/Steve (Attachment D) (EDA/EDC Action)
- 7:45 A.M. Program Reports and Action Items**
- Big Sky Finance – Tami
 - SMART Audit Response and Loan/Internal Controls Policy (Attachment E) (EDC Action)
 - 504 Loans (Attachment F) (EDC Action)
 - Community Development-Parks, Trails, Rec Comprehensive Plan – BSED Commitments – Thom (Attachment G) (EDA/EDC Action)
 - APEX Accelerator (PTAC) Update – Deanna (Info)
 - MI Update – Steve (for Patrick) (Info)
- 8:30 A.M. Executive Director Report—Steve**
- Final Executive Director Focus for FY '24 (Attachment H) (EDA/EDC Action)
 - Re-Org/Staffing Update (Info)
 - Executive Committee Breakfast – August 2nd (Info)
- 8:50 A.M. Public Comment**
- 9:00 A.M. Adjourn**

Next EDA/EDC Board Meeting: No August Board Meeting; September 14 Next Regular Meeting (7:00AM to 9:00AM), Zoot Training Space, Rock31/BSED Building.
Big Sky Economic Development Board of Directors will make reasonable accommodations for known disabilities that may interfere with an individual's ability to participate. Persons requiring such accommodations should make their requests to Big Sky Economic Development as soon as possible before the meeting day. Please call Big Sky ED at 256-6871.



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT A



BIG SKY ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

EDA/EDC Joint Board Minutes
Thursday, June 8, 2023
7:00 A.M. – 9:00 A.M.
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BIG SKY ED Mission Statement: - Focused on sustaining and growing our region's vibrant economy and outstanding quality of life, **Big Sky Economic Development** provides leadership and resources for business creation, expansion, retention, new business recruitment and community development.

EDA Board Members Present: Bryan Wood, Kate Vogel, Ken Lutton, Paul Neutgens, Riley Bennett

EDA Board Members Absent: Bryce Terpstra, Debbie Desjarlais, George Warmer, Judi Powers, Lucy Aspinwall, Zachary Dunn

EDC Board Members Present: Andy Gott, Jen Kobza, Jennifer Weaver Kondracki, Kim Jakub, Michael Marsh, Mike Nelson, Mike Phillips, Nick Pancheau, Stefani Hicswa, Tyler Hicswa

EDC Board Members Absent: Ann Kosempa, Bob Wilmouth, Craig Bartholomew, Dave Ballard, DJ Clark, John Ostlund, Justin Martin, Mac Fogelsong, Mike Seppala, Nicole Benge, Spencer Frederick

Ex-Officios Present: Greg Upham, John Brewer, Pam Purinton, Kurt Markegard

Staff and Guests: Dianne Lehm, Patrick Klugman, Nik Pedersen, Sarah Myhre, Steve Arveschoug(via Zoom),Tami Fleetwood, Thom MacLean

Call to Order:

Kim Jakub, EDC Chair, called the meeting to order at 7:02 A.M. with the Pledge of Allegiance.

Public Comment/Recognitions/Special Announcements and Introductions:

Brownfields Announcement-Thom/Dianne

Dianne shared that the EPA Brownfields received an award announcement of a \$ 1million RLF grant that will start this fall. This will allow Community Development to do cleanup work to assist with assessment grant-opportunity through RLF loans at a low interest rate to property owners that have found contaminants on their property.

Special Recognition

Steve and Patrick recognized Board Member Greg Upham as the 2023 Economic Development Champion. EDC Chair, Kim Jakub shared an update on ParPacific and ParMontana.

Agenda Changes:

Due to a lack of EDA quorum, all action items will be deferred to an electronic vote with the exception of the Proposed FY '24 EDC Budget which is an EDC only action.

Consent Items for Board Action

Approval of May 11th Board Meeting Minutes

Action on the May 11th Board Meeting Minutes will be deferred to an electronic vote.

Approval of Electronic Meeting Minutes-May 5, 2023

Action on the May 5th Electronic Meeting Minutes will be deferred to an electronic vote.

Financial Matters-Tami

Financials for March/April 2023

Tami presented the EDA March and April financials to the Board. On the statement of operations as of April 30, 2023, the net operating revenue position was at approximately \$631,000 compared to budget \$212,549. This represents a surplus for EDA compared to budget. The driving factors were vacancy savings. The savings is approximately \$170,000 in salary and wages and employer contribution. Additionally, Professional fees remained under budget by \$129,000. This includes Brownfields. Contingency line items remain \$50,000. Tami is focusing on expenditures in the last two months of our fiscal year including travel expenses, conferences, and professional development. Overall, EDA is in a good year end position.

Tami then reviewed the EDA balance sheet. Cash available for operation is approximately, \$756,000 which is more than double current liabilities. Tami highlighted program service expenses compared to total expenses. Currently our program expenses compared to total expenses is at 77.8%. The organization is doing well. Current assets were down \$100,000 compared to the last presented financials due to Accounts Receivable being down approximately \$50,000 and Due from EDC which is now in a current position. On the other hand, current liabilities are also down approximately \$90,000.

On the EDC statement of operations as of April 2023, net operating revenue was at \$15,700 compared to budget of \$3,000. This represents a surplus for EDC. Factors driving this net revenue position include, professional fees which under budget including legal fees for Big Sky Finance. There is a surplus of net revenue position of approximately \$10,000. For the last two months of the fiscal year, Tami will monitor travel expenses.

On the EDC balance sheet, cash available for operations was approximately \$218,000. Program expenses compared to total expenses were 85%. Current assets were up \$228,000 and represent monies received from Federal EDA-RLF loans. There was also an increase in Member Investor Accounts Receivable. The Balance Sheet shows an outstanding balance as of April at \$127,000. The current outstanding receivable balance as of yesterday was \$90,000. Action on the March/April 2023 financials will be deferred to an electronic vote.

Projected Year-End Budget Performance

Tami shared a handout with the Board with revisions from the provided Attachment D in the Board packet based on updated information. The handout provided the EDA comparison to the projected year-end financial position compared to the fiscal year 2023 budget. EDA is expected to end in a net operating revenue position of \$595,000 compared to the fiscal '23 budget of \$5,000. Driving factors are the EPA Brownfields and VBOC. Significant to Operating Expenses are vacancy savings, contingency, professional fees, and the PTAC subcenter expenses. The Board asked for clarification on the professional fee expense. Tami shared this includes audit fees, legal fees, and other expenses.

Tami then reviewed the EDC projected year-end budget. The net operating revenue position is \$38,000 compared to fiscal year 2023 budget of approximately \$15,000. The EDC year end budget is at a surplus when FY '23 was budgeted at a deficit. Driving factors include the SBA 504 float income. Tami answered the Board's question regarding line items on the EDA and EDC projected year-end budget performances. Tami reviewed significant variances and operating revenue. Projected operating expenses are under budget by approximately \$46,000. Overall, there is a surplus of \$53,000 for the EDC's operations.

FY '24 Budget Hearing-EDA and EDC-Tami/Steve

Budget Objectives and Work Plans and Goals for FY '24- Steve

Steve shared that at next month's Board meeting, each program area will provide work plans and goals for FY '24 and the Board will vote to adopt the Executive Director FY '24 focus. With the budget, it is important to ensure all programs are adequately sourced and able to carry out BSED's strategic priorities.

Presentation of Proposed FY '24 Budgets

- Key Budget Assumptions

Tami shared Key Budget Assumptions with the Board. In the budget process certain values guide our budget priorities which include: retain and develop our team, allocate resources where we have the greatest impact, create margin to manage uncertainties, and retain leadership role in our community to build/rebuild our economic future.

EDA revenue assumption include: BSED will receive the full mill levy at a 3.2% projected increase, expect tax protest at 2.5%, state entitlement, stable funding from Federal Partners, and anticipated full occupancy/membership for Rock 31

EDA expenses assumption include: staff salary adjustments proposed at an adjustment of 3.5% or approximately \$170,5000, included expense contingency of \$50,000 (decrease of \$10,00), strategic priorities budget of \$15,000, property tax protest budget of \$25,000 or 1.8% of the total mill levy), and occupancy costs of new building total \$187,000 (maintenance, janitorial service, security, utilities, insurance, etc.) The Board asked for a projection of membership revenue for Rock31. Tami referenced the budget which is \$75,000 for membership revenue and \$5,000 in room rental revenue at for Rock 31. Tami clarified that staff salary adjustments are budgeted at 3.5% for active existing employees. The budget includes consideration of new hires, promotions, and vacant positions.

EDC revenue assumptions include: 1) growth for Member-Investor revenue -\$39,000 new revenue (26 new member investors, growth assumptions for Big Sky Finance-\$49,000 new revenue across the program

EDC expenses include: expense contingency of \$10,000 and EDA reimbursement. The EDA covers salaries and cost of building and EDC programs contribute a portion back to EDA. This is a two-year agreement that is coming due at the end of this month and will be revised and proposed for another two years.

The Board asked Tami what assumption she feels most uncomfortable about. Tami stated that she feels comfortable with the budget that was presented, but she will monitor travel as past years were affected by circumstance such as COVID and more travel may be required. Tami noted that revenue projections were presented in the Board packet, but she provided a handout with some revisions based on recent conversations with program directors. The Board asked how many Member Investors were added last year. Patrick shared 15 Member Investors were added last year. The Board asked if the goal of 26 new Member Investors is attainable. Patrick stated the goal attainable with Board engagement and support and he feels confident in the ability to reach this goal. Patrick shared three new Member Investors were recently added.

Tami walked through the budget comparison for FY '23 to FY '24. EDA net operating revenue was \$142,000 compared to \$5,000 and EDC net operating revenue \$28,000 EDC compared to \$3,000. The budget assumes receipt of the full mill levy. Tami is confident on the budgets by comparing budget to actual each month and adjusting as necessary.

- Challenges and Opportunities

Steve addressed questions regarding what makes us uncomfortable in this budget. Steve shared that it is important to move from a scarcity mindset to a growth mindset. BSED has been conservative in past on projections for Member Investor and Big Sky Finance revenue. The organization needs to grow capacity and shift to a growth mindset. This is an opportunity for BSED and an opportunity for the Board to review and provide guidance on our financial statements each month. Steve shared that BSED needs Board Members to remain active in meeting our objectives for the loan program and Member Investor program throughout the month, not only at monthly Board meetings. Steve then addressed the recent staff turnover and retention. Steve recognized that he and many of the BSED team members have been filling multiple roles within the organization during this time. As we have strong EDA and EDC

year end projections, the Salary Review Committee and Steve discussed providing a 2% merit award to the BSED team based on the current fiscal year. Steve will ask the Board to join him in recognizing the team's effort in this manner. The challenge is to continue to build the team based on the capacity plan that has been developed. There are four active search processes and Steve asked the Board to reach out to their network to help with this process.

- Board Q&A

Kim shared that as Steve spoke to the 2% merit award for the staff, a majority of the Board members were nodding heads in agreement. Kim stated that the team stepped up to fill the voids where they exist and are very deserving of this. Andy commented that a characteristic worth acknowledging is that the revenues we have control over have limits whereas on the expense portion of the income statement, we can scale that. Andy shared that BSED has done a great job on controlling expenses. Steve shared that as we finish pulling together the Senior Leadership Team, they will work on developing a stewardship agreement that articulates measurements as a team to sustain and grow and function as an organization. The Senior Leadership Team and team members in the organization will stay disciplined in monitoring our budget on a week by week basis

- Public Comments
None

Investment in Economic Development with 504 Loan Program Net Proceeds

Tami explained the calculations of the net income from the SBA 504 Loan Program, the revenues are 85% and Tami applied to total expenses for Big Sky Finance. There are \$540,000 in expenses related to the 504-loan program. The net result is \$127,000 of net income from the loan program that gets reinvested into economic development. Tami shared the expenses of programs that are generating revenue on their own and supplemented by the net income from the 504 Loan Program. BSED is helping businesses grow across the state but also reinvesting in the Billings Community. Action on Investment in Economic Development with 504 Loan Program Net Proceeds will be deferred to an electronic vote.

Proposed Preliminary FY '24 EDA Budget

Action on the Proposed Preliminary FY '24 EDA Budget will be deferred to an electronic vote.

Proposed FY '24 EDC Budget

The EDC Board was asked to approve the proposed FY '24 EDC Budget as presented to the Board.

Motion: Andy Gott to approve the FY '24 EDC Budget.

Second: Nick Pancheau

Discussion: None

Motion: Carried

Program Reports

MI Program Growth-Plan-Patrick

Patrick shared an update on the Member Investor Program. Patrick recently met with the Member Investor Steering Committee to discuss a growth plan. Since the last Board meeting, three new Member Investors were added including Wood's Power Grip, GMC of Billings, and The Montana Fly Fishing Lodge. Patrick noted that since he began with the Member Investor Program, the total new net Member Investor revenue is \$61,450. The total number of Member Investors is 136 which is 85% of goal. The Board set the goal of reaching 160 member investors and Patrick asked the Board for their support to reach this goal. One of the items discussed at the Steering Committee meeting was to provide complimentary hours in the Rock31 meeting spaces with each Member Investor level commitment. The goal of this benefit is to bring Member Investors into the building and continue to create engagement in the space. Patrick asked members of the Steering Committee to share expectations and discussions. Jen Kobza shared with the Board that the Steering Committee talked about engagement of the group- looking to colleagues and community members. Jen asked the Board to review the Member Investor list and provide referrals of potential prospects that Patrick can reach out to in regard to becoming Member Investors. The Member Investor list was circulated and a referral sheet was provided.

Executive Director Report- Steve

Re-Org/Staffing Update

There are four ongoing search processes: Senior Director of Recruitment and Community Development, Director of Entrepreneurship, Business Development Officer, and Marketing Manager.

Parks/Trails/Rec Comprehensive Funding/Development Plan-Update

Steve asked the Board to mark their calendar for Monday, June 19th for a City Council Work Session to talk conceptually about the proposal to be put in front of voters. Members of the City Council Committee are looking at a \$138 million bond issue. The \$138 million bond includes parks development around the community and the Recreation center. As part of the concept in supporting this, Council will ask for private sector commitment fundraising to offset the bond issue. The current proposal is \$6 million upfront in fundraising in the community, with a potential additional \$6 million to play out over a ten- year period once the bond issue is approved. Development will not start in earnest until \$6 million is raised. A campaign will be developed and estimated to be \$250,000 to help raise funding. Roles and responsibilities are still being established between the Park Foundation, City, Chamber, and BSED. At the July Board meeting Steve will provide more clarity around BSED's to support this effort. Steve highlighted the Skyline Trail and the excitement of that development.

John Brewer spoke on the upcoming vote as well. Kim shared her perspective on this effort. Kim asked for the Board's support and Steve asked the Board to commit to this long term.

Proposed Executive Director Focus FY '24

The Executive Director Focus FY' 24 will be an action item at the July Board meeting. Currently Steve's focus includes: build the BSED team for the future, lead/support strategic priorities initiatives, strengthen our key partnerships, strategic planning for FY '25 and '26, and Build awareness and BSED brand.

Public Comment:

None

Adjourn

Motion: Ken Lutton motion to adjourn the meeting.

Second: Riley Bennett

Discussion: None

Motion Passed

Kim Jakub adjourned the meeting at 8:49 am

Next Meeting – Thursday, July 13, 2023

Respectfully submitted,

Debbie Desjarlais, EDA Secretary/Treasurer

Nick Pancheau, EDC Secretary/Treasurer

When approved, minutes and meeting materials will be filed electronically in the Big Sky EDA office.

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ATTACHMENT B

EDA/EDC Board – Electronic Vote Meeting
Monday June 12, 2023
Action Items from the June 8th EDA/EDC Board Meeting

Request:

As noticed to the Board, an electronic meeting was held on Monday, June 12th to consider the approval of the following action items as listed below:

1. Vote to approve the May 11, 2023 minutes as presented in the attached Reference Materials.

Electronic Vote Results:

EDA/EDC Votes in Favor	EDA/EDC Votes Against
Andy Gott Ann Kosempa Bob Wilmouth Bryan Wood Bryce Terpstra Craig Bartholomew Debbie Desjarlais D.J. Clark George Warmer Jen Kobza Jennifer Kondracki John Ostlund Judi Powers Kate Vogel Ken Lutton Lucy Aspinwall Mac Fogelsong Michael Marsh Mike Nelson Mike Phillips Mike Seppala Nick Pancheau Paul Neutgens Riley Bennett Spencer Frederick Stefani Hicswa Zach Dunn	

Abstentions: None

2. Vote to approve the May 5, 2023 Electronic Meeting Minutes as presented in the attached Reference Materials.

Electronic Vote Results:

EDA/EDC Votes in Favor	EDA/EDC Votes Against
Andy Gott Ann Kosempa Bob Wilmouth Bryan Wood Bryce Terpstra Craig Bartholomew Debbie Desjarlais D.J. Clark George Warmer Jen Kobza Jennifer Kondracki John Ostlund Judi Powers Kate Vogel Ken Lutton Lucy Aspinwall Mac Fogelsong Michael Marsh Mike Nelson Mike Phillips Mike Seppala Nick Pancheau Paul Neutgens Riley Bennett Spencer Frederick Stefani Hicswa Zach Dunn	

Abstentions: None

3. Vote to approve financials for March/April 2023 as presented in the attached Reference Materials.

EDA/EDC Votes in Favor	EDA/EDC Votes Against
Andy Gott Ann Kosempa Bob Wilmouth Bryan Wood Bryce Terpstra Craig Bartholomew Debbie Desjarlais D.J. Clark George Warmer Jen Kobza Jennifer Kondracki John Ostlund Judi Powers Kate Vogel Ken Lutton Lucy Aspinwall Mac Fogelsong Michael Marsh Mike Nelson Mike Phillips Mike Seppala Nick Pancheau Paul Neutgens Riley Bennett Spencer Frederick Stefani Hicswa Zach Dunn	

Abstentions: None

4. Vote to approve the Proposed Preliminary FY'24 EDA Budget as presented in the attached Reference Materials.

EDA Votes in Favor	EDA Votes Against
Bryan Wood Bryce Terpstra George Warmer Debbie Desjarlais Judi Powers Kate Vogel Ken Lutton Lucy Aspinwall Paul Neutgens Riley Bennet Zach Dunn	

Abstentions: None

5. Vote to approve Investment in Economic Development with 504 Loan Program Net Proceeds as presented in the attached Reference Materials.

EDC Votes in Favor	EDC Votes Against
Andy Gott Ann Kosempa Bob Wilmouth Craig Bartholomew D.J. Clark Jen Kobza Jennifer Kondracki John Ostlund Mac Fogelsong Michael Marsh Mike Phillips Mike Seppala Mike Nelson Nick Pancheau Spencer Frederick Stefani Hicswa	

Abstentions: None

6. Vote to approve a 2% Merit Award for BSED staff for FY '23 as presented to the Board at the June 8, 2023 meeting.

EDA/EDC Votes in Favor	EDA/EDC Votes Against
Andy Gott Ann Kosempa Bob Wilmouth Bryan Wood Bryce Terpstra Craig Bartholomew Debbie Desjarlais D.J. Clark George Warmer Jen Kobza Jennifer Kondracki John Ostlund Judi Powers Kate Vogel Lucy Aspinwall Mac Fogelsong Michael Marsh Mike Nelson Mike Phillips Mike Seppala Nick Pancheau Paul Neutgens Riley Bennett Spencer Frederick Stefani Hicswa Zach Dunn	Ken Lutton

Abstentions: None



EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

EDA/EDC Joint Board Minutes
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7:00 A.M. – 9:00 A.M.
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Zoot Training and Event Space (2nd Floor)

BIG SKY ED Mission Statement: - Focused on sustaining and growing our region's vibrant economy and outstanding quality of life, **Big Sky Economic Development** provides leadership and resources for business creation, expansion, retention, new business recruitment and community development.

EDA Board Members Present: Bryce Terpstra, George Warmer, Judi Powers, Ken Lutton, Lucy Aspinwall, Paul Neutgens, Riley Bennett, Zachary Dunn

EDA Board Members Absent Bryan Wood, Debbie Desjarlais, Kate Vogel,

EDC Board Members Present: Ann Kosempa, John Ostlund, Jen Kobza, Kim Jakub, Mac Fogelsong, Mike Nelson, Mike Seppala, Nick Pancheau, Spencer Frederick, Stefani Hicswa, Tyler Hicswa

EDC Board Members Absent: Andy Gott, Bob Wilmouth, Craig Bartholomew, Dave Ballard, DJ Clark, Jennifer Weaver Kondracki, Justin Martin, Michael Marsh, Mike Phillips, Nicole Benge

Ex-Officios Present: Mark Morse

Staff and Guests: Brandon Berger, Brandon Whitman, Brian Wrathay, Deanna Langman, Dianne Lehm, Dillon Neutgens, Jennifer Sayler, Lorene Hinz, Karli Baker, Marcell Bruski, Nicole Allen, Patrick Klugman, Sarah Myhre, Scott Chesarek, Steve Arveschoug, Tami Fleetwood, Thom Maclean

Call to Order:

Judi Powers, EDA Chair, called the meeting to order at 7:00 A.M. with the Pledge of Allegiance.

Public Comment/Recognitions/Special Announcements and Introductions:

Better Off in Billings Website-Marcell

Marcell shared the new Better Off in Billings Website with the Board. Marcell also shared that Karli will be moving on to pursue a new career and thanked her for her time at BSED.

Paul Neutgens introduced his guest and son Dillion Neutgens who is finishing his last year of business studies at MSUB.

Judi introduced her guest Brian Wrathay, an agent with Berkshire Hathaway who recently relocated to Billings.

Scott Chesarek, a former Board member who served for ten years, invited the Board to attend the Grand Opening for Yellowstone Ice and Water.

Yellowstone Valley Electric Coop-Brandon Whitman, CEO

Patrick introduced Yellowstone Valley Electric Coop (YVEC), CEO- Brandon Whitman to the Board. Brandon reviewed Co-op's in general and the history of the same. In Montana there are 25 Co-op's. Brandon reviewed the service territory for YVEC. YVEC is the second largest Co-op in Montana providing services in six counties. Brandon reviewed powering growth for YVEC. YVEC added 1,200 new services in the last two years. Brandon reviewed total

utility plant sales, annual growth in total plant, growth in total active meters, and growth in energy sales. Brandon reviewed power supply for YVEC. The main power supplier is Basin Electric headquartered in North Dakota. Brandon reviewed the 2022 power supply portfolio, including market, wind, coal, hydro, and gas. Brandon reviewed total expenses for YVEC and its financial positioning. YVEC's Inventory system is unique and processed through 3rd party. The third party manages the inventory and because of that YVEC can manage some of the material/supply problems that some business are facing. Because of inventory program, YVEC's controllable expenses are variable expenses. Brandon reviewed YVEC's residential rates. YVEC is very competitive when it comes to rates. Brandon answered the Board's questions.

Kim Jakub shared an update regarding the transition from ExxonMobil to PARMontana. Kim will share more information with the Board at the next meeting.

Agenda Changes:

None

Consent Items for Board Action

Approval of April 13, 2023 Board Meeting Minutes

Motion: Jen Kobza to approve the April 13, 2023 Board Meeting Minutes, as presented to the Board.

Second: John Ostlund

Discussion: None

Motion: Carried

Financial Matters-Tami

Financials For February 2023

Tami reviewed the EDA financials for February. There was a decrease in current assets to \$4,515,000. The decrease is attributable to the timing of cash flows regarding accounts receivable. Total accounts receivable was \$543,615 all deemed fully collectible. Due to/Due from totaled approximately \$106,000. Fixed assets were consistent with the previous month with the exception of reclassifying the barista equipment from other assets. Construction in progress will be reclassified in March to the depreciable categories of building, furniture, and equipment since the assets have been placed in service. Current liabilities were approximately \$231,000. Accrued expenses are primarily for salary/benefits accruals and total approximately \$68,000. Compensated assets total approximately \$148,000.

Tami reviewed the Statement of Operations. Net revenue Over Expenses was approximately \$694,000.. Most budgeted operating revenue sources were close to budget. Brownfields is under budget which is offset by the budgeted expense for this grant. Grant administration consists of administration revenue for the Big Sky Trust Fund awards, and other intergovernmental revenue amount to a total of \$82,000. Total operating expenses were under budget by approximately \$408,000. Big Sky EDA recognized revenue of \$60,300 for the fiscal year to date.

Tami then reviewed the EDC financial statements for February. Current assets were \$1,695,000. Account receivable consist of Member Investor Revenues and the Capital Campaign. Other assets consist primarily of Big Sky Finance loan portfolios. The total Federal EDA RLF portfolio was \$638,403, total RLF portfolio was \$212,293, the Stabilization Loan portfolio was \$22,442 and the SSBCI portfolio was \$812,000. Accounts payable increased by \$94,000. Due to/Due from was \$106,000. On the balance sheet, Tami highlighted that in January we had a large amount in other revenues. This was reclassified. Big Sky EDC is in a current Net Loss due to this reclassification. Total operating revenue was under budget by approximately \$81,000. Loan origination and closing revenue totaled approximately \$84,000 and remains under budget by about \$69,000. It is projected that the loan revenues will end the year under budget by approximately \$40,000. Member investment revenue was approximately \$179,000, which was below budget by \$32,000. Total operating expenses were \$771,000. Most expense items are under budget. Contribution expense relates to contributions made by Big Sky EDC for some construction costs of the new building. It amounts to approximately \$92,800 and was not budgeted, which leads to total operating expenses being over budget. Tami answered the Board's questions regarding the February financials statements.

Motion: Ken Lutton to approve the February 2023 financials as presented to the Board.
Second: Mike Nelson
Discussion: None
Motion: Carried

Review FY' 24 Budget Assumptions (Q&A)

Tami reviewed a handout with the Board regarding this years budget assumptions. The values that guide the budget priorities include: 1) Retain and Develop team. 2) Allocate resources where we can have the greatest impact 3) Create margin to manage uncertainties 4) Retain leadership role in our community to build/rebuild our economic future. Tami reviewed the EDA and EDC revenue assumptions and expenses. Steve reviewed the budget setting process with the Board.

Action Items

BSTF Job Creation Grant-Nicole/Lorene

The request on one application is below for the EDA board to approve:

- BSED will be the applicant to apply for the BSTF Job Creation grant on behalf of Akron Solutions
- Approval of the budgetary authority resolution, as we are a pass through for the grant funds from the Department of Commerce to the business.

Arkon Solutions – Creating 25 net new jobs (\$125,000 Job Creation Grant)

Arkon Solutions is a chemical manufacturer that is looking to expand their business to Billings. Their head office is located in Calgary and their secondary office in Grand Prairie, Canada. Onkar Dhaliwal, CEO & President, has experience in chemical manufacturing since 1984.

Arkon Solutions' primary business drives chemical research, creation, refinement and implementation for the oil & gas, energy, mining, industrial, municipal, and agricultural industries. They partner with companies across a wide range of industries, developing effective solutions for their specific chemical needs.

Onkar is excited to expand Arkon Solutions to Billings, MT. The Arkon Solutions Billings division will serve as a central hub for Montana, Wyoming, and North Dakota. They plan to open by the end of the summer 2023 and aim to hire 25 employees, ranging from chemists to their administrative team.

The jobs they create will meet the wage requirements and will be good paying jobs in Yellowstone County. The company is requesting a Big Sky Trust Fund grant to create 25 new jobs in Yellowstone County; the funds will help with the cost of purchasing additional equipment, material costs, lease hold improvements, and wages.

The request is for the EDA board to approve the application for the grant and the budgetary authority resolution for the funds.

Motion: Ken Lutton to approve the Big Sky Trust Fund application for Akron Solutions in the amount of \$125,000 as presented to the Board.
Second: Zach Dunn
Discussion: None
Motion: Carried

Brownfields Assessment Contractor Recommendation-Thom

Thom shared with the Board the Brownfields Assessment Contractor Recommendation. Four strong proposals were received. The Brownfields Review Committee recommends that the Big Sky Economic Development Board of Directors hire Granite Peak Environmental to provide Qualified Environmental Professional (QEP) services for the duration of our US EPA Brownfields Community-Wide Assessment. Thom answered the Board's questions.

Motion: Riley Bennett to approve the Brownfields Assessment Contractor Recommendation as presented to the Board.

Second: Ken Lutton

Discussion: None

Motion: Carried

Loan Approvals-Brandon

SBA 504 Loan Requests

- I. Big Sky EDC is requesting approval to submit to the US Small Business Administration the following SBA 504 loan requests. The Big Sky EDC Loan Committee has reviewed the requests and recommends approval to the full EDC Board for submission to the SBA for final approval. The requests meet all the underwriting and eligibility requirements of the EDC.

1. **Sidney Hardware Inc / SK Holdings LLC** – Loan was previously approved by the Big Sky EDC Board of Directors at the April 13, 2023, board meeting for an \$816,000 debenture. Updated approval being requested at this time as project costs had to be amended prior to submission to SBA.

Purpose of the request is for purchase of an existing building, equipment and renovations for Sidney ACE Hardware located in Sidney, MT. This will be a new ACE Hardware store in Sidney and is owned 100% by Skip King. Skip has purchased the former ShopKo building and renovations are being completed and most all final costs are now known. This will be Skip's first ACE Hardware store owned outside of Yellowstone County. Skip currently operates six other ACE Hardware stores in Yellowstone County. Big Sky Finance has participated in the financing of four of these stores utilizing the SBA 504 Loan program.

Update: The total SBA debenture is estimated to be **\$834,000** on a 25-year note comprising 40% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position on the real and personal property behind First Interstate Bank. There are projected to be 18 new jobs created because of this project. The project meets a Public Policy goal for Rural Development.

Motion: John Ostlund to approve the SBA 504 loan for Sidney Hardware, Inc. in the amount of \$834,000 as presented to the Board.

Second: Mike Seppala

Discussion: None

Motion: Carried

2. **Apex Engineering & Machine, Inc.** – Purpose of this request is for the purchase of land and existing commercial real estate located in Hamilton, MT. Apex Engineering & Machine is a manufacturer of precision-machined parts, providing engineering support, design, machining, and assembly services. This new Hamilton location will be an extension of the current manufacturing now housed solely in Logan, UT. This facility will allow them to double their current production facility. They have maxed out their capacity in Utah thus the need for the additional location. Hamilton, MT was chosen for its location for easy distribution, real estate prices much lower than Utah, and strong, available skilled machinists in the area as a result of the decline in the forestry industry. The business has been in operation since 2003 and is owned 100% by Travis Zollinger.

The total SBA debenture will be \$272,000 on a 25-year note comprising 40% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position on the real property behind Altabank, Division of Glacier Bank, located in Logan, UT. There are projected to be 8 new jobs created because of this project. The project meets a Public Policy goal for Rural Development as well as Assisting a Small Manufacturer.

Motion: Tyler Wiltgen to approve the SBA 504 loan for Apex Engineering & Machine, Inc. in the amount of \$272,000 as presented to the Board.

Second: Nick Pancheau

Discussion: None

Motion: Carried

Abstained: Mike Seppala

Program Reports

MI Program Growth Plan Update- Patrick

Patrick reviewed the Member Investor program growth with the Board. Under Patrick, there have been 22 new members added. Patrick reached out to the Member Investors and four moved up to the Builder Level- generating \$12,500 in revenue. A few Members contributed an additional amount bringing the total new net Member Investor revenue to \$56,450. There are currently 140 member investors. The goal for FY'23 was to reach 160 member investors. Patrick reviewed some additional Member Investor information. Ultimately 10 Member Investors were written off due to outstanding contributions. Patrick shared his plan with the Board to achieve the Member Investor Program goals. Patrick would like to finalize the plan to reach these goals and present to the Board at the June Board meeting. The Board thanked Patrick for his work on the Member Investor Program.

Executive Director Report- Steve

Steve thanked all the team members that presented to the Board today.

Parks/Trails/Rec Comprehensive Funding/Development Plan-Update- Steve shared that a subcommittee of City Council Members is working on finalizing the funding package that will be presented to voters. Within the next few weeks a proposal will be made to the rest of City Council. Steve will reach out to Chris Kukulski and John Brewer to determine how best to move this forward. Steve may ask Board members to join him and Thom at a City Council meeting. There were two important conversation that took place regarding Downtown Housing and Redevelopment. BSED has been working to determine how to best support these conversations and move the ideas and concepts forward. One of the conversation included BSED's role for local developers to see vision for downtown development. BSED's role is to partner with downtown to help ready a site for development. If it could be acquired at reasonable rate, BSED will determine the role in which it can serve in partnership with TIF. Steve is hopeful that he can provide updates on specific conversations in the next few Board meetings.

Steve provided the Board a handout on the Executive Director focus for last year. Steve asked the Board to review and begin to think about focus areas. This will be finalized at the July Board meeting and will direct Steve's focus and workplan. Steve asked the Board to approve his vacation in June and allow him to join the June Board meeting remotely. The Board agreed to this plan.

Re-Org/Staffing Update:

Chancellor Hicswa thanked Steve for his leadership and work on implementing the new reorganization plan. Steve updated the Board on reorganization and staffing. We are still actively searching for the right candidate to fill the last Senior Director role. There is also a search process underway for a Business Development Officer. This is an important position to build and strengthen relationships with lenders. An Operations Support Specialist has been hired and Nik will be helping to fill gaps at Rock31 as Ryan will be leaving at the end of the month. We will launch the search for the Rock31 Director Role. We will also look to hire a Marketing specialist.

Public Comment:

None

Adjourn

Motion: Jen Kobza motion to adjourn the meeting.

Second: Mike Seppala

Discussion: None

Motion: Passed

Judi Powers adjourned the meeting at 8:50 am

Next Meeting – Thursday, June 8, 2023

Respectfully submitted,

Debbie Desjarlais, EDA Secretary/Treasurer

Nick Pancheau, EDC Secretary/Treasurer

When approved, minutes and meeting materials will be filed electronically in the Big Sky EDA office.

Big Sky Economic Development Board of Directors will make reasonable accommodations for known disabilities that may interfere with an individual's ability to participate. Persons requiring such accommodations should make their requests to Big Sky Economic Development as soon as possible before the meeting day. Please call Big Sky ED at 256-6871.

EDC Board – Electronic Vote Meeting
Friday, May 5th, 2023
Big Sky EDA-RLF Loan Request Action Items from the May 3rd Executive Committee Meeting

Request:

As noticed to the Board, an electronic meeting was held on Friday, May 5th to consider the approval of two Big Sky EDA-RLF loans as listed below:

1. Vote to approve the Big Sky EDA-RLF Loan Request for Billings Windows & Door (Ryan & Sarah Henderson) in the amount of \$140,500. Big Sky EDC will be taking a 2nd lien position on all business assets behind Western Security Bank.

Electronic Vote Results:

EDC Votes in Favor	EDC Votes Against
Andrew Gott Ann Kosempa Craig Bartholomew Jennifer Kobza Jennifer Kondracki John Ostlund Justin Martin Kim Jakub Mark Morse Mike Phillips Mike Nelson Michael Marsh Spencer Frederick Tyler Wiltgen	None

Abstentions: None

2. Vote to approve the Big Sky EDA-RLF Loan Request for The Design Hair & Tanning Studio in the amount of \$145,000. This request consists of two separate loans, both for the purchase of an existing business. Big Sky EDC will be in a 1st lien position on the commercial real estate and all business assets.

Electronic Vote Results:

EDC Votes in Favor	EDC Votes Against
Andrew Gott Ann Kosempa Craig Bartholomew Jennifer Kobza Jennifer Kondracki John Ostlund Justin Martin Kim Jakub Mark Morse Mike Phillips Mike Nelson Michael Marsh Spencer Frederick Tyler Wiltgen	

Abstentions: None

Big Sky EDA-RLF Loan Request

I. Big Sky EDC Finance Department is requesting approval for the following EDA-RLF request. The Big Sky EDA-RLF Loan Committee has reviewed the request and recommends approval to the full EDC Board. The request meets all the underwriting and eligibility requirements of the program.

1. **Billings Window & Door (Ryan & Sarah Henderson)** – Request is for \$140,500 for the purchase of an existing business, Billings Window & Door, located in Billings. Billings Window & Door has been operating in Billings since 2005. Ryan and Sarah Henderson currently own and operate Henderson Construction. The Henderson's view this acquisition as a natural extension of their current business.

Big Sky EDC will utilize the EDA-RLF funds in partnership with Western Security Bank who will be financing a portion of the purchase. Borrowers are coming in with 10% equity. Financing terms will be 7 years at 7.25% fixed. Big Sky EDC will be taking a 2nd lien position on all business assets behind Western Security Bank. 5 jobs will be retained as a result of this project as new owners plan on retaining existing staff. Loan Committee has reviewed and approved the request.

2. **The Design Hair & Tanning Studio.** This request consists of two separate loans, both for the purchase of an existing business, totaling \$145,000. The overall purchase is for the business assets of The Design Hair & Tanning Studio located in Laurel, MT. This existing business was established in the 1970's, and the current owner has operated since 1990. Current owner has recently retired, and Elle Edwards is purchasing the business. Elle has been a booth renter at the studio for four years.

The two loans are structured as follows: (1) \$115,000 for the purchase of the commercial real estate building located at 209 West 6th Street, Laurel, MT. Terms are 20 years at 8.0% fixed. (2) \$30,000 for the purchase of goodwill and business assets. Terms are 5 years at 8.0% fixed. Big Sky EDC will be in a 1st lien position on the commercial real estate and all business assets (both loans will be cross collateralized with the commercial real estate).

Borrower was unable to obtain traditional financing for this purchase. Borrower and Big Sky Finance have worked with the SBDC to obtain this financing. 4 jobs will be retained as a result of this project. Loan Committee has reviewed and approved the request.

Big Sky Economic Development Authority
Financial Report for Board of Directors - June 8, 2023 Board Meeting
For the Month and Year to Date ended March 31, 2023

The following financial statements for Big Sky EDA consist of the Balance Sheet reporting the assets, liabilities, and net assets as of March 31, 2023, and the Statements of Operations reporting actual revenues and expenses for the month and YTD then ended as compared to budgeted amounts.

Balance Sheet

Current assets at the end of February were approximately \$4,481,000, a decrease of about \$34,000 as compared to the previous month. The decrease is attributed entirely to the timing of cash flows since our accounts receivable balance increased by approximately \$53,000. Total accounts receivable was \$543,615, all deemed fully collectible.

Due To/Due From EDC totaled approximately \$61,700 at the end of March and consists of amounts due from EDC for the current month. The Tax levy receivable and protested tax levy receivable were comparable with the previous month. Note that the organization records an allowance of 100% of protested tax levy receivable to allow for potentially uncollectible protested tax levy.

Fixed assets increased approximately \$38,000. Construction in progress noted on the balance sheet as of February was reclassified in the March financials to the depreciable categories of building, furniture, and equipment since the assets were placed in service.

Current liabilities at the end of March were approximately \$323,500, an increase of approximately \$92,000 as compared to the previous month. Accrued expenses are primarily for salary/benefits accruals and total about \$66,000. Compensated absences total approximately \$138,500.

Long Term liabilities remained at approximately \$957,000. This consists primarily of deferred inflow of resources and pension liability, both related to Big Sky EDA's obligation to the Public Employee Retirement System. These amounts are adjusted at the end of each fiscal year in accordance with governmental accounting requirements for recognizing long-term obligations for defined pension benefits, so the amounts will remain unchanged until the end of FY23.

Statements of Operations

For the first nine months of the fiscal year, Big Sky EDA is in a net revenue position. The Statement of Operations shows a positive Change in Net Assets of approximately \$682,000 compared to a budget of approximately \$101,000. This consists of Net Operating Revenue of approximately \$773,000 less Net Non-Operating Expenses of approximately \$91,000.

Most budgeted operating revenue sources are close to meeting budgeted revenues except for EDA – Brownfields which is under budget by about \$120,000. However, the budgeted revenue for EPA-Brownfields is entirely offset by the budgeted expense for this grant, so it has no effect on the bottom line. Grant administration, which consists primarily of administration revenues for

Big Sky Trust Fund awards, and other intergovernmental revenue, which consists of façade grant awards from the City of Billings, amount to a combined total of approximately \$111,626, which exceeds the budgeted revenue of \$5,000.

Most operating expenses remained under budget for the fiscal year to date through March. Total operating expenses are under budget by about \$449,000. Salaries/wages and employer contributions were under budget by about \$138,000 due to vacancy savings. Professional fees were under budget by approximately \$129,000. Note that the expenses related to EPA-Brownfields would be charged to professional fees, which is approximately \$125,000 of that budget, and directly corresponds to the related revenue.

Non-operating income and expenses consist primarily of contribution revenue and depreciation expense. Big Sky EDA recognized contribution revenue of \$60,300 for the fiscal year to date through March, which is being tracked in the non-operating section. These donations were received for the Big Sky to Sky Point project. Depreciation amounted to approximately \$145,000. The net result is net non-operating expense of approximately \$91,000.

Big Sky EDA
Balance Sheet - Previous Year Comparison
As of March 31, 2023

	Mar 31, 2023	Mar 31, 2022	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
First Interstate Bank	\$ 314,598	\$ 137,732	\$ 176,866	128%
FIB - Recovered Property Taxes	626	150,626	(150,000)	(100%)
FIB - Operating Reserve	64,488	251,064	(186,576)	(74%)
Opportunity Fund - FIB	66,336	175,061	(108,725)	(62%)
Opportunity Fund - Stockman	85,995	75,255	10,740	14%
Opportunity Fund - Opportunity	288,390	627,544	(339,154)	(54%)
Stockman GE Maintenance	15,128	15,128	-	0%
Rocky Mountain - Money Market	43,285	43,312	(27)	(0%)
Valley Federal - Savings	25	25	-	0%
Valley Federal - Money Market	300,810	300,660	150	0%
Opportunity Fund CDs-current	1,734,416	2,373,830	(639,414)	(27%)
Altana - Savings	25	25	-	0%
Yellowstone County Funds	348,418	428,020	(79,602)	(19%)
Total Checking/Savings	3,262,540	4,578,282	(1,315,742)	(29%)
Accounts Receivable				
Accounts Receivable	337,096	744,815	(407,719)	(55%)
Accounts Receivable - PTAC	97,623	-	97,623	100%
Accounts Receivable - DOD	55,137	103,151	(48,014)	(47%)
Accounts Receivable - SBDC	22,548	32,589	(10,041)	(31%)
Accounts Receivable - VBOC	84,232	93,606	(9,374)	(10%)
Total Accounts Receivable	596,636	974,161	(377,525)	(39%)
Other Current Assets				
Due To/Due From EDC	61,713	54,096	7,617	14%
Grants Receivable	-	50,000	(50,000)	(100%)
Tax Levy Receivable	543,845	526,609	17,236	3%
Tax Levy Receivable - Protested	12,377	22,754	(10,377)	(46%)
Allowance for Doubtful Accts	(12,377)	(22,754)	10,377	46%
American Revenue Guarantee	6,887	6,887	-	0%
Prepaid Expenses	9,403	15,809	(6,406)	(41%)
Total Other Current Assets	621,848	653,401	(31,553)	(5%)
Total Current Assets	4,481,024	6,205,844	(1,724,820)	(28%)
Fixed Assets				
Construction in Progress	-	2,990,012	(2,990,012)	(100%)
Bank Building - Land	301,750	301,750	-	0%
Bank Building - Building	6,291,462	1,473,250	4,818,212	327%
Furniture	227,169	-	227,169	100%
Equipment	6,700	-	6,700	100%
Barista Equipment	12,000	-	12,000	100%
Accumulated Depreciation	(192,352)	(47,220)	(145,132)	(307%)
Total Fixed Assets	6,646,729	4,717,792	1,928,937	41%
Other Assets				
Deferred Outflow of Resources	129,336	249,285	(119,949)	(48%)
Opportunity Fund CDs-Noncurrent	642,380	150,952	491,428	326%
Deposit	5,181	5,008	173	3%
Cabelas Conduit x0603	4,895	9,649	(4,754)	(49%)
TEDD Receivable	-	3,425	(3,425)	(100%)
Right of Use Asset	7,017	-	7,017	100%
Total Other Assets	788,809	418,319	370,490	89%
TOTAL ASSETS	\$ 11,916,562	\$ 11,341,955	\$ 574,607	5%

Big Sky EDA
Balance Sheet - Previous Year Comparison
As of March 31, 2023

	Mar 31, 2023	Mar 31, 2022	\$ Change	% Change
LIABILITIES & NET ASSETS				
Liabilities				
Current Liabilities				
Accounts Payable	\$ 97,295	\$ 343,805	\$ (246,510)	(72%)
Credit Cards	8,495	7,895	600	8%
Other Current Liabilities				
Accrued Expenses	71,022	95,151	(24,129)	(25%)
Compensated Absences	138,533	165,161	(26,628)	(16%)
Payroll Liabilities	(3,829)	872	(4,701)	(539%)
Deferred Revenues	12,000	50,000	(38,000)	(76%)
Total Other Current Liabilities	217,726	311,184	(93,458)	(30%)
Total Current Liabilities	323,516	662,884	(339,368)	(51%)
Long Term Liabilities				
Deferred Inflow of Resources	386,724	32,238	354,486	1,100%
Pension Liability	563,223	1,127,529	(564,306)	(50%)
Lease Liability	7,018	-	7,018	100%
Total Long Term Liabilities	956,965	1,159,767	(202,802)	(17%)
Total Liabilities	1,280,481	1,822,651	(542,170)	(30%)
Net Assets				
Net Assets Beginning of Year	7,242,523	5,222,746	2,019,777	39%
Contributed Capital	3,193,580	3,193,580	-	0%
Prior Period Adjustment	(482,470)	(482,470)	-	0%
Change in Net Assets	682,448	1,585,448	(903,000)	(57%)
Total Net Assets	10,636,081	9,519,304	1,116,777	12%
TOTAL LIABILITIES & NET ASSETS	\$ 11,916,562	\$ 11,341,955	\$ 574,607	5%

Big Sky EDA
Statements of Operations-Actual vs Budget
For the Month and YTD Ended March 31, 2023

	Month			YTD			Fiscal Year
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
Operating Revenue							
County Taxes Mill Levy Revenue	\$ 271	\$ -	\$ 271	\$ 1,339,220	\$ 1,365,620	\$ (26,400)	\$ 1,365,620
Entitlement	63,850	62,189	1,661	191,551	186,567	4,984	248,756
Health Ins Mill Levy Revenue	7,420	8,966	(1,546)	65,985	80,692	(14,707)	107,590
Recovery of Protested Taxes	-			1,223			
Department of Defense	55,137	54,401	736	479,541	489,607	(10,066)	652,809
EDC Reimbursement	58,520	60,077	(1,557)	552,969	540,693	12,276	720,924
EPA - Brownfields	-	13,889	(13,889)	4,730	125,000	(120,270)	166,667
PTAC Advisor Agreement Support	3,000			24,000			
SBA/MT Dept of Commerce	11,250	13,542	(2,292)	125,052	121,875	3,177	162,500
VBOC	12,743	25,000	(12,257)	207,366	225,000	(17,634)	300,000
Rock31 Membership Revenue	6,644	5,052	1,592	43,637	30,564	13,073	45,720
Zoot/Other Room Rent Revenue	918			3,865			
Rent Income		600			5,400		7,200
Rock31 Barista Rent Revenue	-	765	(765)	-	5,355	(5,355)	7,650
Grant Administration	23,315	417	22,898	59,890	3,750	56,140	5,000
Other Intergovernmental Revenue	6,360	-	6,360	51,736	-	51,736	-
Miscellaneous Revenue	-	-	-	4,138	4,470	(332)	4,470
Total Operating Revenue	249,428	244,898	4,530	3,154,903	3,184,593	(29,690)	3,794,906
Operating Expense							
Salaries/Wages	131,279	148,898	(17,619)	1,235,722	1,340,083	(104,361)	1,786,776
Employer Contributions	42,846	47,385	(4,539)	392,957	426,464	(33,507)	568,619
Advertising	176	20	156	1,590	354	1,236	472
Barista Equipment Maintenance	-			2,888			
Barista Supplies	-			510			
Board Expenses	-			278			
Building Operations/Maintenance	7,624	8,554	(930)	55,371	76,988	(21,617)	102,650
Conferences	3,826	1,100	2,726	16,183	10,090	6,093	10,090
Contingency	-	5,000	(5,000)	-	45,000	(45,000)	60,000
Community Development Projects	19	-	19	(1,325)	-	(1,325)	35,000
Dues and Subscriptions	2,477	1,769	708	46,306	60,712	(14,406)	72,038
Event Expense	1,902	833	1,069	5,153	7,500	(2,347)	10,000
Hosted Meetings	289	1,378	(1,089)	3,916	13,755	(9,839)	17,700
Insurance	3,543	2,672	871	31,775	27,623	4,152	35,639
Marketing	1,472	7,520	(6,048)	56,713	67,684	(10,971)	90,245
Office Equipment	90	-	90	4,790	6,500	(1,710)	10,000
Office Expense and Supplies	2,455	2,042	413	39,701	19,576	20,125	25,701
Professional Development	7,600	163	7,437	8,171	5,963	2,208	6,450
Professional Fees	5,738	17,321	(11,583)	78,870	207,486	(128,616)	271,267
Property Tax Protests	-	-	-	12,320	34,141	(21,821)	34,141
PTAC Subcenter	24,660	37,233	(12,573)	263,910	335,097	(71,187)	446,796
Rent	878	400	478	26,311	1,700	24,611	2,100
Repairs	-	833	(833)	2,456	7,500	(5,044)	10,000
Special Assessments BID	-	-	-	1,900	1,900	-	3,800
Sponsorships	500	417	83	1,500	3,750	(2,250)	5,000
Staff Expenses	790	-	790	1,128	-	1,128	-
Strategic Priorities	-	1,250	(1,250)	5,000	11,250	(6,250)	15,000
Suspense	-			(126)			
TEDD	-	500	(500)	18	1,500	(1,482)	2,000
Telecommunications	4,256	3,914	342	36,361	34,893	1,468	46,635
Travel	1,746	8,466	(6,720)	45,285	67,995	(22,710)	76,588
Miscellaneous	678	2,175	(1,497)	6,108	33,890	(27,782)	45,187
Total Operating Expense	244,844	299,843	(54,999)	2,381,740	2,849,394	(467,654)	3,789,894
Net Operating Revenue (Expense)	4,584	(54,945)	59,529	773,163	335,199	437,964	5,012

Big Sky EDA
Statements of Operations-Actual vs Budget
For the Month and YTD Ended March 31, 2023

	Month			YTD			Fiscal Year
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
Non-Operating Income/Expense							
Non-Operating Income							
Capital Campaign	-			100			
Contribution Revenue	-	-	-	60,300	-	60,300	-
Interest Income	2,024	1,022	1,002	10,180	9,202	978	12,269
Total Non-Operating Income	2,024	1,022	1,002	70,580	9,202	61,378	12,269
Non-Operating Expense							
Amortization Expense	112			974			
Depreciation Expense	10,921	18,820	(7,899)	145,132	169,376	(24,244)	225,835
Interest Expense	62			586			
Relocation/BSTSP Transformation	-	-	-	14,603	73,710	(59,107)	73,710
Total Non-Operating Expense	11,095	18,820	(7,725)	161,295	243,086	(81,791)	299,545
Net Non-Operating Income (Expense)	(9,071)	(17,798)	8,727	(90,715)	(233,884)	143,169	(287,276)
Change in Net Assets	\$ (4,487)	\$ (72,743)	\$ 68,256	\$ 682,448	\$ 101,315	\$ 581,133	\$ (282,264)

Big Sky Economic Development Corporation
Financial Report for Board of Directors - June 8, 2023 Board Meeting
For the Month and Year to Date ended March 31, 2023

The following financial statements for Big Sky EDC consist of the Balance Sheet reporting the assets, liabilities, and net assets as of March 31, 2023, and the Statements of Operations reporting actual revenues and expenses for the month and YTD then ended as compared to budgeted amounts.

Balance Sheet

Current assets at the end of March were approximately \$1,899,000, an increase of about \$204,000 as compared to the previous month. Cash used in operations increased approximately \$9,600 and Federal EDA RLF restricted increased approximately \$215,000. Accounts receivable decreased approximately \$15,750. Member investor pledges of \$61,750 are deemed collectible but will be evaluated again as part of the year-end financial reporting procedures.

Other assets consist of Big Sky Finance loan portfolios. The portfolios are reported in the balance sheet with the current portion included in other current assets and the balance extending beyond the fiscal year reported as other assets. The total Federal EDA RLF portfolio was \$845,155, total RLF portfolio was \$209,592, the total Stabilization Loan portfolio was \$18,717, and the total SSBCI portfolio was \$808,752.

Accounts payable totaled approximately \$216,000 at the end of March, an increase of about \$6,000. Due to/Due from EDA totaled approximately \$61,700 and represents the amount owed to EDA from EDC for March reimbursements.

The Balance Sheet for Big Sky EDC was updated last month to include a line item in the equity section to report the Federal EDA RLF funds as temporarily restricted net assets since they must remain segregated until the funds have been de-federalized. These loan funds were previously being reported as non-operating income at the time the funds were received, which overstated the statement of operations for both FY22 and for the first 7 months of the current fiscal year through January 2023. We have corrected the accounting for Federal EDA RLF funds. To recognize the effect that the misstatement had on FY22 financial statements, a prior period adjustment was made in the equity section to reduce retained earnings.

Statement of Operations

For the first nine months of the fiscal year, Big Sky EDC is in a net loss position. The Statement of Operations shows a negative Change in Net Assets of approximately \$97,000 compared to the negative budget position of approximately \$25,000. This consists of Net Operating Expense of approximately \$17,000 and Net Non-Operating expense of approximately \$80,000. It is projected that Big Sky EDC will improve its overall position by the end of the fiscal year with additional loans that will be funded in the final 3 months.

Total operating revenue was under budget by approximately \$15,000. 504 Loan origination, servicing, closing revenue, and float income totaled approximately \$488,000 through March and exceeded budget by about \$13,000. Member investment revenue totaled approximately

\$179,000, which was below budget by about \$32,000. Grant administration revenue was anticipated to be collected for the administration of the Federal EDA RLF grant and was budgeted at \$50,000, but only \$5,000 has been realized so far in FY23.

Total operating expenses amount to approximately \$769,000 and are under budget by about \$37,000.

Non-operating income and expense consist primarily of Big Sky to Sky Point capital campaign income, contribution expenses, and bad debt expense. Big Sky EDC recognized \$26,000 in income from Capital Campaign pledges in FY23. Contribution expense relates to contributions made by Big Sky EDC for some construction costs of the new building. It amounts to approximately \$92,800 and was not budgeted. Bad debt expense consists of write-offs of aged member investment pledges that are deemed uncollectible. The amount written off is \$14,500.

Big Sky Economic Development Corporation
Balance Sheet - Previous Year Comparison
As of March 31, 2023

	Mar 31, 2023	Mar 31, 2022	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
First Interstate Bank	\$ 251,287	\$ 223,350	\$ 27,937	13%
FIB/Stockman - SSBCI Principal	491,243	745,031	(253,788)	(34%)
FIB - Long Term Reserve	250,000	250,000	-	0%
FIB - Opportunity Fund	60,915	60,896	19	0%
FIB - Federal EDA RLF	437,170	20,095	417,075	2,076%
FIB - RLF	288,833	258,229	30,604	12%
Total Checking/Savings	1,779,448	1,557,601	221,847	14%
Accounts Receivable				
Pledges Receivable	7,500	54,650	(47,150)	(86%)
Accounts Receivable	51,750	38,042	13,708	36%
Total Accounts Receivable	59,250	92,692	(33,442)	(36%)
Other Current Assets				
Undeposited Funds	2,250	3,250	(1,000)	(31%)
Fed EDA RLF Portfolio - Current	25,299	199,201	(173,902)	(87%)
RLF Portfolio - Current	8,643	86,034	(77,391)	(90%)
SSBCI Portfolio - Current	13,384	259,890	(246,506)	(95%)
Stabilization - Current	11,211	10,990	221	2%
Prepaid Expenses	-	2,471	(2,471)	(100%)
Total Other Current Assets	60,787	561,836	(501,049)	(89%)
Total Current Assets	1,899,485	2,212,129	(312,644)	(14%)
Other Assets				
Fed EDA RLF - Non-Current	819,856	-	819,856	100%
RLF Portfolio - Non-Current	200,949	225,131	(24,182)	(11%)
SSBCI Portfolio - Non-Current	795,368	588,055	207,313	35%
Stabilization - Non-Current	7,506	52,018	(44,512)	(86%)
Allowance for Loan Losses	(23,856)	(21,626)	(2,230)	(10%)
Total Other Assets	1,799,823	843,578	956,245	113%
TOTAL ASSETS	\$ 3,699,308	\$ 3,055,707	\$ 643,601	21%

Big Sky Economic Development Corporation
Balance Sheet - Previous Year Comparison
As of March 31, 2023

	Mar 31, 2023	Mar 31, 2022	\$ Change	% Change
LIABILITIES & NET ASSETS				
Current Liabilities				
Accounts Payable	\$ 204,410	\$ 810	\$ 203,600	25,136%
Credit Cards	11,211	2,835	8,376	295%
Other Current Liabilities				
Due to/Due From EDA	61,713	54,096	7,617	14%
Accrued Expenses	-	23,109	(23,109)	(100%)
Deferred 504 Revenue	-	28,194	(28,194)	(100%)
Total Other Current Liabilities	61,713	105,399	(43,686)	(41%)
Total Current Liabilities	277,334	109,044	168,290	154%
Net Assets				
Net Assets Beginning of Year	2,939,820	2,870,030	69,790	2%
Federal EDA RLF Temp Restricted	1,015,934	-	1,015,934	100%
Prior Period Adjustment	(437,034)	-	(437,034)	(100%)
Change in Net Assets	(96,746)	76,633	(173,379)	(226%)
Total Net Assets	3,421,974	2,946,663	475,311	16%
TOTAL LIABILITIES & NET ASSETS	\$ 3,699,308	\$ 3,055,707	\$ 643,601	21%

Big Sky Economic Development Corporation
Statement of Operations - Actual vs Budget
For the Month and YTD Ended March 31, 2023

	Month			YTD			Fiscal Year
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
Operating Revenue							
504 Loan Servicing	\$ 32,633	\$ 33,050	\$ (417)	\$ 294,973	\$ 297,454	\$ (2,481)	\$ 396,605
504 CDC Origination Fees	80,321	15,000	65,321	152,485	135,000	17,485	180,000
504 CDC Closing/Attorney Fee	5,000	4,167	833	17,084	37,500	(20,416)	50,000
Float Income	-	-	-	23,889	5,000	18,889	10,000
Member Investment	-	-	-	179,171	211,500	(32,329)	282,000
Federal EDA RLF Loan Interest	2,168	-	2,168	12,997	-	12,997	-
RLF Business Loan Interest	934	1,300	(366)	9,953	11,700	(1,747)	15,600
Stabilization Loan Interest	37	37	-	559	559	-	634
SSBCI Orig Fees/Loan Interest	2,032	1,500	532	20,243	13,500	6,743	18,000
Loan Processing Fees	-	1,969	(1,969)	34,846	17,721	17,125	23,628
Grant Administration	3,329	4,167	(838)	5,143	37,500	(32,357)	50,000
Donation Income	-	-	-	600	-	600	-
Miscellaneous Income	-	-	-	-	-	-	15,000
Total Operating Revenue	126,454	61,190	65,264	751,943	767,434	(15,491)	1,041,467
Operating Expense							
Advertising	150	-	150	150	-	150	-
Board Expenses	680	3,933	(3,253)	3,050	4,600	(1,550)	4,850
Business Accelerator	-	833	(833)	-	7,500	(7,500)	10,000
Business Recruitment	-	1,250	(1,250)	2,599	11,250	(8,651)	15,000
Conferences/Professional Devel	4,094	-	4,094	9,057	4,810	4,247	6,455
Contingency	-	833	(833)	-	7,500	(7,500)	10,000
Dues and Subscriptions	2,848	2,846	2	17,432	20,003	(2,571)	21,667
EDA Reimbursement	58,520	60,077	(1,557)	552,969	540,693	12,276	720,924
Event Expense	-	2,500	(2,500)	13,731	13,000	731	25,500
Hosted Meeting Expense	992	367	625	8,459	9,000	(541)	12,000
Insurance	1,762	921	841	8,815	9,488	(673)	12,250
Investment in Economic Activity	-	-	-	-	-	-	2,500
Loan Expenses	8,725	1,000	7,725	19,092	9,000	10,092	12,000
Marketing	4,929	2,625	2,304	39,246	24,703	14,543	32,578
Membership Development	-	1,100	(1,100)	1,303	9,900	(8,597)	13,200
Office Supplies	830	200	630	8,046	2,000	6,046	2,600
Postage	-	70	(70)	1,671	630	1,041	840
Professional Development	-	375	(375)	-	3,375	(3,375)	4,500
Professional Fees	2,280	4,333	(2,053)	37,884	76,850	(38,966)	89,850
R31 Outreach	-	-	-	1,715	-	1,715	-
Rent	416	340	76	6,371	5,790	581	6,809
Sponsorships	-	3,000	(3,000)	3,580	5,000	(1,420)	7,000
Staff Expenses	881	483	398	6,060	7,350	(1,290)	8,800
Telecommunications	345	695	(350)	3,455	6,202	(2,747)	8,286
Travel	2,650	4,550	(1,900)	22,274	25,243	(2,969)	25,843
Miscellaneous	88	207	(119)	1,844	2,040	(196)	2,661
Total Operating Expense	90,190	92,538	(2,348)	768,803	805,927	(37,124)	1,056,113
Net Operating Revenue (Expense)	36,264	(31,348)	67,612	(16,860)	(38,493)	21,633	(14,646)

Big Sky Economic Development Corporation
Statement of Operations - Actual vs Budget
For the Month and YTD Ended March 31, 2023

	Month			YTD			Fiscal Year
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
Non-Operating Income/Expense							
Non-Operating Income							
BSTSP Capital Campaign	-	-	-	26,000	-	26,000	-
Interest Income	197	1,500	(1,303)	1,414	13,500	(12,086)	18,000
Total Non-Operating Income	197	1,500	(1,303)	27,414	13,500	13,914	18,000
Non-Operating Expense							
Contribution Expense	-	-	-	92,800	-	92,800	-
Bad Debt Expense	-	-	-	14,500	-	14,500	-
Total Non-Operating Expense	-	-	-	107,300	-	107,300	-
Net Non-Operating Income (Expense)	197	1,500	(1,303)	(79,886)	13,500	(93,386)	18,000
Change in Net Assets	\$ 36,461	\$ (29,848)	\$ 66,309	\$ (96,746)	\$ (24,993)	\$ (71,753)	\$ 3,354

FY24 Budget

	EDA		EDC		Total	
	FY23 Budget	FY24 Budget	FY23 Budget	FY24 Budget	FY23 Budget	FY24 Budget
Operating Revenue						
Admin/Central Services	1,724,781	1,810,242			1,724,781	1,810,242
BSTSP					-	-
Communications & Outreach	98,250	110,763			98,250	110,763
Community Development	179,387	351,053			179,387	351,053
Big Sky Finance	506,588	529,451	762,467	785,018	1,269,055	1,314,469
Member Investor	53,381	69,882	282,000	308,500	335,381	378,382
Recruitment	6,360	12,720	15,000		21,360	12,720
PTAC/Apex Accelerator	664,999	928,891				928,891
Rock31	73,290	100,060			73,290	100,060
SBDC	187,870	147,720			187,870	147,720
VBOC	300,000	305,000			300,000	305,000
Workforce					-	-
Total Operating Revenue	3,794,906	4,365,782	1,059,467	1,093,518	4,854,373	5,459,300
Operating Expenses						
Admin/Central Services	982,164	860,843	131,765	145,650	1,113,929	1,006,493
BSTSP					-	-
Communications & Outreach	245,579	290,448	157,744	148,033	403,323	438,481
Community Development	429,986	600,334			429,986	600,334
Big Sky Finance	515,248	514,051	635,411	635,411	1,150,659	1,149,462
Member Investor	49,700	153,759	67,289	78,902	116,989	232,661
Recruitment	103,718	184,369	57,656	41,500	161,374	225,869
PTAC/Apex Accelerator	674,402	893,935			674,402	893,935
Rock31	240,185	249,518	10,000	13,500	250,185	263,018
SBDC	259,135	220,338			259,135	220,338
VBOC	234,176	234,191			234,176	234,191
Workforce	55,600	49,200	2,000	3,000	57,600	52,200
Total Operating Expenses	3,789,893	4,250,986	1,061,865	1,065,996	4,851,758	5,316,982
Net Operating Revenue (Expense)	5,013	114,796	(2,398)	27,522	2,615	142,318

Big Sky Economic Development Corporation
Reinvestment of SBA 504 Program Net Income
FY24 Budget

	Communications and Outreach	Big Sky Finance	G&A	Member Investor	Recruitment	Rock31	Workforce	Total
Operating Revenue								
504 Loan Servicing		425,000						425,000
504 Loan Origination		198,000						198,000
504 Loan Closing Attorney Fees		25,000						25,000
Federal EDA RLF Loan Origination		2,500						2,500
Float Income		20,000						20,000
Member Investment				308,500				308,500
Federal EDA RLF Loan Interest		52,000						52,000
RLF Business Loan Interest		12,000						12,000
Stabilization Loan Interest		18						18
SSBCI Orig Fees/Loan Interest		18,000						18,000
Loan Processing Fee Income		25,000						25,000
Grant Administration		7,500						7,500
Total Revenue	-	785,018	-	308,500	-	-	-	1,093,518
Operating Expenses								
Advertising		200						200
Board Expense - Appreciation & Meetings			500					500
Board Expense - Planning			500					500
Business Accelerator						10,000		10,000
Business Recruitment and Expansion					17,500			17,500
Conferences/Professional Development		4,000						4,000
Contingency			10,000					10,000
Dues and Subscriptions		17,500						17,500
EDA Reimbursement	99,103	529,451	102,400	63,522				794,476
Event Expense	8,000	2,700				500	2,500	13,700
Hosted Meetings	1,000	200		1,200	4,000		500	6,900
Insurance			12,250					12,250
Loan Processing Expense		18,000						18,000
Marketing - Departmental	17,000	1,000						18,000
Marketing - Organizational	15,000							15,000
Membership Development				10,000				10,000
Office Expense and Supplies		1,500		150				1,650
Postage		1,500		50				1,550
Professional Fees - Accounting			20,000					20,000
Professional Fees - Consulting		6,000		1,000	10,000			17,000
Professional Fees - Legal		25,000			5,000			30,000
Rent		6,000						6,000
Rock31 Outreach						3,000		3,000
Sponsorships	6,000	150						6,150
Telecommunications	1,680	1,560		780				4,020
Travel	250	20,000		1,500	5,000			26,750
Miscellaneous		650						650
Total Operating Expenses	148,033	635,411	145,650	78,202	41,500	13,500	3,000	1,065,296
Net Operating Revenue	(148,033)	149,607	(145,650)	230,298	(41,500)	(13,500)	(3,000)	28,222

SBA 504 Program Contribution to Economic Development	
504 Loan Servicing	\$ 425,000
504 Loan Origination	198,000
504 Loan Closing Attorney Fees	25,000
Float Income	20,000
Total 504 Program-related Revenue	<u>\$ 668,000</u>
Total Big Sky Finance Revenue	\$ 785,018
Total 504 Program-related Revenue	\$ 668,000
504-related Percentage of Total	85.09%
Total Big Sky Finance Expense	\$ 635,411
Total 504 Program-related Expense (85%)	\$ 540,694
Total 504 Program-related Revenue	\$ 668,000
Total 504 Program-related Expense (85%)	(540,694)
Allowable for Economic Reinvestment	<u>\$ 127,306</u>
Business Recruitment	41,500
Workforce Development	3,000
Communications and Outreach	148,033
Rock31 Entrepreneurial Program	13,500
	<u>\$ 206,033</u>



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT C

Big Sky Economic Development Authority
Financial Report for Board of Directors – July 13, 2023 Board Meeting
For the Month and Year to Date ended May 31, 2023

The following financial statements for Big Sky EDA consist of the Balance Sheet reporting the assets, liabilities, and net assets as of May 31, 2023, and the Statements of Operations reporting actual revenues and expenses for the month and YTD then ended as compared to budgeted amounts.

Balance Sheet

Current assets at the end of May were approximately \$4,304,590, a decrease of about \$104,500 as compared to the previous month. The decrease is attributed to the decrease in the accounts receivable balance, which ended at \$426,220 as of May 31, 2023, all deemed fully collectible.

Due To/Due From EDC totaled \$65,519 at the end of May and consists of amounts due from EDC for the current month. The Tax levy receivable decreased as monies were collected and put into the Yellowstone County Funds cash account. The Tax Levy receivable is lower by \$452,000 as compared to the previous month. Protested tax levy receivable was collected during April, so both the receivable and its related allowance for doubtful accounts was at \$-0-. Note that the organization records an allowance of 100% of protested tax levy receivable to allow for potentially uncollectible protested tax levy.

Total fixed assets decreased approximately \$21,600 due to the recording of depreciation expense and related accumulated depreciation. There were no new fixed asset additions nor fixed asset dispositions in May.

Current liabilities at the end of May were approximately \$340,700, a decrease of approximately \$52,000 as compared to the previous month. Accrued expenses are primarily for salary/benefits accruals which amount to approximately \$87,500. Compensated absences total approximately \$131,000.

Long Term liabilities remained at approximately \$957,000. This consists primarily of deferred inflow of resources and pension liability, both related to Big Sky EDA's obligation to the Public Employee Retirement System. These amounts are adjusted at the end of each fiscal year in accordance with governmental accounting requirements for recognizing long-term obligations for defined pension benefits, so the amounts will remain unchanged until the end of FY23.

Statements of Operations

For the first eleven months of the fiscal year, Big Sky EDA is in a net operating revenue position of approximately \$575,000, compared to a budget of approximately \$88,600 net operating revenue. The Statement of Operations also shows positive Change in Net Assets of approximately \$446,000 compared to budget of a negative Change in Net Assets of approximately \$181,000.

Most budgeted operating revenue sources are close to meeting budgeted revenues except for EDA – Brownfields which is under budget by about \$148,000. However, the budgeted revenue

for EPA-Brownfields is entirely offset by the budgeted expense for this grant, so it has no net effect on the bottom line. Grant administration, which consists primarily of administration revenues for Big Sky Trust Fund awards, and other intergovernmental revenue, which consists of façade grant awards from the City of Billings, amount to a combined total of approximately \$87,000 which exceeds the budgeted revenue of \$5,000.

Most operating expenses remained under budget for the fiscal year to date through May. Total operating expenses are under budget by about \$568,000. Salaries/wages and employer contributions were under budget by about \$202,000 due to vacancy savings. Professional fees were under budget by approximately \$134,000. Note that the expenses related to EPA-Brownfields would be charged to professional fees, which is approximately \$148,000 of that budget, and directly corresponds to the related revenue.

Non-operating income and expenses consist primarily of contribution revenue and depreciation expense. Big Sky EDA recognized contribution revenue of \$60,300 for the fiscal year to date through May, which is being tracked in the non-operating section. These donations were received for the Big Sky to Sky Point project. Depreciation amounted to approximately \$188,000. The net result is net non-operating expense of approximately \$130,000.

Big Sky EDA
Balance Sheet - Comparison with Previous Year
As of May 31, 2023

	May 31, 2023	May 31, 2022	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
First Interstate Bank	\$ 387,425	\$ 232,335	\$ 155,090	67%
FIB - Recovered Property Taxes	626	150,626	(150,000)	(100%)
FIB - Operating Reserve	64,531	251,068	(186,537)	(74%)
Opportunity Fund - FIB	59,530	101,906	(42,376)	(42%)
Opportunity Fund - Stockman	86,272	85,493	779	1%
Opportunity Fund - Opportunity	288,390	628,111	(339,721)	(54%)
Stockman GE Maintenance	15,128	15,128	-	0%
Rocky Mountain - Money Market	43,286	43,303	(17)	(0%)
Valley Federal - Savings	25	25	-	0%
Valley Federal - Money Market	300,810	300,660	150	0%
Opportunity Fund CDs-current	1,734,416	2,225,441	(491,025)	(22%)
Altana - Savings	25	25	-	0%
Yellowstone County Funds	732,570	599,069	133,501	22%
Clearing Account	19	-	19	100%
Total Checking/Savings	3,713,053	4,633,190	(920,137)	(20%)
Accounts Receivable				
Accounts Receivable	255,300	194,718	60,582	31%
Accounts Receivable - PTAC	110,102	118,367	(8,265)	(7%)
Accounts Receivable - SBDC	48	34,794	(34,746)	(100%)
Accounts Receivable - VBOC	60,770	149,142	(88,372)	(59%)
Total Accounts Receivable	426,220	497,021	(70,801)	(14%)
Other Current Assets				
Due To/Due From EDC	65,519	59,402	6,117	10%
Grants Receivable	-	50,000	(50,000)	(100%)
Tax Levy Receivable	89,776	59,633	30,143	51%
Tax Levy Receivable - Protested	-	20,675	(20,675)	(100%)
Allowance for Doubtful Accts	-	(20,675)	20,675	100%
American Revenue Guarantee	6,887	6,887	-	0%
Prepaid Expenses	3,135	14,804	(11,669)	(79%)
Total Other Current Assets	165,317	190,726	(25,409)	(13%)
Total Current Assets	4,304,590	5,320,937	(1,016,347)	(19%)
Fixed Assets				
Construction in Progress	-	3,499,091	(3,499,091)	(100%)
Bank Building - Land	301,750	301,750	-	0%
Bank Building - Building	6,291,462	1,473,250	4,818,212	327%
Furniture	227,169	-	227,169	100%
Equipment	6,700	-	6,700	100%
Barista Equipment	12,000	-	12,000	100%
Accumulated Depreciation	(235,500)	(47,220)	(188,280)	(399%)
Total Fixed Assets	6,603,581	5,226,871	1,376,710	26%
Other Assets				
Deferred Outflow of Resources	129,336	249,285	(119,949)	(48%)
Opportunity Fund CDs-Noncurrent	642,380	150,952	491,428	326%
Deposit	5,181	5,181	-	0%
Cabelas Conduit x0603	4,895	4,984	(89)	(2%)
Right of Use Asset	6,790	-	6,790	100%
Total Other Assets	788,582	410,402	378,180	92%
TOTAL ASSETS	\$ 11,696,753	\$ 10,958,210	\$ 738,543	7%

Big Sky EDA
Balance Sheet - Comparison with Previous Year
As of May 31, 2023

	May 31, 2023	May 31, 2022	\$ Change	% Change
LIABILITIES & NET ASSETS				
Liabilities				
Current Liabilities				
Accounts Payable	\$ 103,769	\$ 148,042	\$ (44,273)	(30%)
Credit Cards	16,915	14,621	2,294	16%
Other Current Liabilities				
Accrued Expenses	87,581	103,929	(16,348)	(16%)
Compensated Absences	130,673	161,464	(30,791)	(19%)
Payroll Liabilities	(4,153)	969	(5,122)	(529%)
Deferred Revenues	6,000	50,000	(44,000)	(88%)
Total Other Current Liabilities	220,101	316,362	(96,261)	(30%)
Total Current Liabilities	340,785	479,025	(138,240)	(29%)
Long Term Liabilities				
Deferred Inflow of Resources	386,724	32,238	354,486	1,100%
Pension Liability	563,223	1,127,529	(564,306)	(50%)
Lease Liability	6,791	-	6,791	100%
Total Long Term Liabilities	956,738	1,159,767	(203,029)	(18%)
Total Liabilities	1,297,523	1,638,792	(341,269)	(21%)
Net Assets				
Net Assets beginning of Year	7,242,523	5,222,746	2,019,777	39%
Contributed Capital	3,193,580	3,193,580	-	0%
Prior Period Adjustment	(482,470)	(482,470)	-	0%
Change in Net Assets	445,597	1,385,562	(939,965)	(68%)
Total Net Assets	10,399,230	9,319,418	1,079,812	12%
TOTAL LIABILITIES & NET ASSETS	\$ 11,696,753	\$ 10,958,210	\$ 738,543	7%

Big Sky EDA
Statements of Operations-Actual vs Budget
For the Month and YTD Ended May 31, 2023

	Month			YTD			Fiscal Year
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
Operating Revenue							
County Taxes Mill Levy Revenue	\$ 34,457	\$ -	\$ 34,457	\$ 1,374,074	\$ 1,365,620	\$ 8,454	\$ 1,365,620
Entitlement	-	-	-	191,551	186,567	4,984	248,756
Health Ins Mill Levy Revenue	6,095	8,966	(2,871)	78,970	98,624	(19,654)	107,590
Recovery of Protested Taxes	-	-	-	13,600	-	13,600	-
Department of Defense	55,000	54,401	599	592,243	598,408	(6,165)	652,809
EDC Reimbursement	58,945	60,077	(1,132)	669,614	660,847	8,767	720,924
EPA - Brownfields	-	13,889	(13,889)	4,730	152,778	(148,048)	166,667
PTAC Advisor Agreement Support	3,000	-	3,000	30,000	-	30,000	-
SBA/MT Dept of Commerce	11,250	13,542	(2,292)	147,552	148,958	(1,406)	162,500
SBDC Program Income	1,255	-	1,255	2,064	-	2,064	-
VBOC	275	25,000	(24,725)	207,930	275,000	(67,070)	300,000
Rock31 Membership Revenue	7,057	5,052	2,005	57,722	40,668	17,054	45,720
Zoot/Other Room Rent Revenue	2,446	800	1,646	6,261	6,400	(139)	7,200
Rock31 Barista Rent Revenue	-	765	(765)	-	6,885	(6,885)	7,650
Grant Administration	350	417	(67)	32,620	4,583	28,037	5,000
Other Intergovernmental Revenue	-	-	-	54,736	-	54,736	-
Miscellaneous Revenue	75	-	75	4,213	4,470	(257)	4,470
Total Operating Revenue	180,205	182,909	(2,704)	3,467,880	3,549,808	(81,928)	3,794,906
Operating Expense							
Salaries/Wages	126,444	148,898	(22,454)	1,486,194	1,637,880	(151,686)	1,786,778
Employer Contributions	38,244	47,385	(9,141)	470,950	521,234	(50,284)	568,619
Advertising	180	20	160	1,770	453	1,317	472
Barista Equipment Maintenance	-	-	-	3,138	-	3,138	-
Barista Supplies	28	-	28	538	-	538	-
Board Expenses	108	-	108	386	-	386	-
Building Operations/Maintenance	5,499	8,554	(3,055)	67,552	94,094	(26,542)	102,648
Conferences	(774)	-	(774)	16,365	10,090	6,275	10,090
Contingency	-	5,000	(5,000)	-	55,000	(55,000)	60,000
Community Development Projects	20,034	5,000	15,034	19,024	10,000	9,024	35,000
Dues and Subscriptions	2,757	4,233	(1,476)	51,527	69,270	(17,743)	72,038
Event Expense	1,701	833	868	12,077	9,167	2,910	10,000
Hosted Meetings	317	1,378	(1,061)	4,971	16,412	(11,441)	17,700
Insurance	3,134	2,672	462	38,044	32,967	5,077	35,639
Marketing	1,006	7,520	(6,514)	62,168	82,725	(20,557)	90,245
Office Equip & Furn < \$5000	-	-	-	5,837	6,500	(663)	10,000
Office Expense and Supplies	1,995	2,042	(47)	42,354	23,659	18,695	25,701
Professional Development	2,467	163	2,304	10,678	6,288	4,390	6,450
Professional Fees	17,559	17,321	238	108,211	242,128	(133,917)	271,267
Property Tax Protests	-	-	-	12,320	34,141	(21,821)	34,141
PTAC Subcenter	28,000	37,233	(9,233)	322,383	409,563	(87,180)	446,796
Rent	877	-	877	28,064	1,700	26,364	2,100
Repairs	2,106	833	1,273	4,647	9,167	(4,520)	10,000
Special Assessments BID	-	1,788	(1,788)	1,900	3,688	(1,788)	3,800
Sponsorships	300	417	(117)	3,800	4,583	(783)	5,000
Staff Expenses	1,939	-	1,939	3,624	-	3,624	-
Strategic Priorities	-	1,250	(1,250)	5,000	13,750	(8,750)	15,000
Suspense	-	-	-	(126)	-	(126)	-
TEDD	-	-	-	18	1,500	(1,482)	2,000
Telecommunications	4,133	3,914	219	44,627	42,721	1,906	46,635
Travel	4,732	3,575	1,157	56,791	78,446	(21,655)	76,588
Miscellaneous	955	1,375	(420)	7,762	44,012	(36,250)	45,187
Total Operating Expense	263,741	301,404	(37,663)	2,892,594	3,461,138	(568,544)	3,789,894
Net Operating Revenue (Expense)	(83,536)	(118,495)	34,959	575,286	88,670	486,616	5,012

Big Sky EDA
Statements of Operations-Actual vs Budget
For the Month and YTD Ended May 31, 2023

	Month			YTD			Fiscal Year
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
Non-Operating Income/Expense							
Other Income							
Non-Operating Income							
Capital Campaign	-	-	-	100	-	100	-
Contribution Revenue	-	-	-	60,300	-	60,300	-
Interest Income	3,345	1,022	2,323	14,700	11,246	3,454	12,269
Total Non-Operating Income	3,345	1,022	2,323	75,100	11,246	63,854	12,269
Non-Operating Expense							
Amortization Expense	114	-	114	1,201	-	1,201	-
Depreciation Expense	21,574	18,820	2,754	188,280	207,015	(18,735)	225,835
Interest Expense	59	-	59	705	-	705	-
Relocation/BSTSP Transformation	-	-	-	14,603	73,710	(59,107)	73,710
Total Non-Operating Expense	21,747	18,820	2,927	204,789	280,725	(75,936)	299,545
Net Non-Operating Income (Expense)	(18,402)	(17,798)	(604)	(129,689)	(269,479)	139,790	(287,276)
Change in Net Assets	\$ (101,938)	\$ (136,293)	\$ 34,355	\$ 445,597	\$ (180,809)	\$ 626,406	\$ (282,264)

Big Sky Economic Development Corporation
Financial Report for Board of Directors – July 13, 2023 Board Meeting
For the Month and Year to Date ended May 31, 2023

The following financial statements for Big Sky EDC consist of the Balance Sheet reporting the assets, liabilities, and net assets as of May 31, 2023, and the Statements of Operations reporting actual revenues and expenses for the month and YTD then ended as compared to budgeted amounts.

Balance Sheet

Current assets at the end of May were approximately \$1,935,000, an increase of about \$11,000 as compared to the previous month. Cash used in operations increased approximately \$51,000 and accounts receivable decreased approximately \$40,500. Member investor pledges of \$82,250 are deemed collectible but will be evaluated again as part of the year-end financial reporting procedures.

Other assets consist of Big Sky Finance loan portfolios. The portfolios are reported in the balance sheet with the current portion included in other current assets and the balance extending beyond the fiscal year reported as other assets. The total Federal EDA RLF portfolio was \$831,404, total RLF portfolio was \$204,288, the total Stabilization Loan portfolio was \$11,249, and the total SSBCI portfolio was \$802,613.

Accounts payable totaled approximately \$174,500 at the end of May, a decrease of about \$5,000. Due to/Due from EDA totaled \$65,519 and represents the amount owed to EDA from EDC for May reimbursements.

The Balance Sheet for Big Sky EDC was updated in February 2023 to include a line item in the equity section to report the Federal EDA RLF funds as temporarily restricted net assets since they must remain segregated until the funds have been de-federalized. These loan funds were previously being reported as non-operating income at the time the funds were received, which overstated the statement of operations for both FY22 and for the first 7 months of the current fiscal year through January 2023. We have since corrected the accounting for Federal EDA RLF funds. To recognize the effect that the misstatement had on FY22 financial statements, a prior period adjustment was made in the equity section to reduce retained earnings.

Statement of Operations

For the first eleven months of the fiscal year, Big Sky EDC was in a net operating revenue position of approximately \$27,000, compared to a budgeted net operating expense position of approximately \$10,800. The Statement of Operations also shows a negative Change in Net Assets of approximately \$42,000 compared to the positive budget position of approximately \$5,600.

Total operating revenue exceeded budget by approximately \$27,000. Loan origination, servicing, closing revenue, and float income totaled approximately \$645,000 through May and exceeded budget by about \$60,400. Member investment revenue totaled approximately \$271,000, which was below budget by about \$10,800. Grant administration revenue was

anticipated to be collected for the administration of the Federal EDA RLF grant and was budgeted at \$50,000, but only \$4,893 has been realized so far in FY23.

Total operating expenses amount to approximately \$965,000 and are under budget by about \$10,700.

Non-operating income and expense consist primarily of Big Sky to Sky Point capital campaign income, contribution expenses, and bad debt expense. Big Sky EDC recognized \$36,000 in income from Capital Campaign pledges in FY23. Contribution expense relates to contributions made by Big Sky EDC for some construction costs of the new building. It amounts to approximately \$92,800 and was not budgeted. Bad debt expense consists of write-offs of aged member investment pledges that are deemed uncollectible. The amount written off is \$14,500.

Big Sky Economic Development Corporation

Balance Sheet - Previous Year Comparison

As of May 31, 2023

	May 31, 2023	May 31, 2022	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
First Interstate Bank	\$ 249,838	\$ 196,029	\$ 53,809	27%
FIB/Stockman - SSBCI Principal	508,483	766,141	(257,658)	(34%)
FIB - Long Term Reserve	250,000	250,000	-	0%
FIB - Opportunity Fund	60,920	60,896	24	0%
FIB - Federal EDA RLF	422,438	196,066	226,372	115%
FIB - RLF	296,397	190,200	106,197	56%
Total Checking/Savings	1,788,076	1,659,332	128,744	8%
Accounts Receivable				
Pledges Receivable	12,500	89,100	(76,600)	(86%)
Accounts Receivable	82,250	348,562	(266,312)	(76%)
Total Accounts Receivable	94,750	437,662	(342,912)	(78%)
Other Current Assets				
Undeposited Funds	23,405	-	23,405	100%
Fed EDA RLF Portfolio - Current	14,157	197,549	(183,392)	(93%)
RLF Portfolio - Current	3,339	80,414	(77,075)	(96%)
SSBCI Portfolio - Current	7,245	253,436	(246,191)	(97%)
Stabilization - Current	3,743	3,669	74	2%
Prepaid Expenses	-	2,545	(2,545)	(100%)
Total Other Current Assets	51,889	537,613	(485,724)	(90%)
Total Current Assets	1,934,715	2,634,607	(699,892)	(27%)
Other Assets				
Fed EDA RLF - Non-Current	817,247	-	817,247	100%
RLF Portfolio - Non-Current	200,949	225,131	(24,182)	(11%)
SSBCI Portfolio - Non-Current	795,368	588,055	207,313	35%
Stabilization - Non-Current	7,506	52,018	(44,512)	(86%)
Allowance for Loan Losses	(23,856)	(21,626)	(2,230)	(10%)
Total Other Assets	1,797,214	843,578	953,636	113%
TOTAL ASSETS	\$ 3,731,929	\$ 3,478,185	\$ 253,744	7%
LIABILITIES & NET ASSETS				
Liabilities				
Current Liabilities				
Accounts Payable	\$ 174,537	\$ 7,353	\$ 167,184	2,274%
Credit Cards	5,597	8,565	(2,968)	(35%)
Other Current Liabilities				
Due to/Due From EDA	65,519	59,402	6,117	10%
Accrued Expenses	10,000	20,044	(10,044)	(50%)
Deferred 504 Revenue	-	28,194	(28,194)	(100%)
Total Other Current Liabilities	75,519	107,640	(32,121)	(30%)
Total Current Liabilities	255,653	123,558	132,095	107%
Total Liabilities	255,653	123,558	132,095	107%
Net Assets				
Net Assets Beginning of Year	2,939,820	2,870,030	69,790	2%
Federal EDA RLF Temp Restricted	1,015,934	-	1,015,934	100%
Prior Period Adjustment	(437,034)	-	(437,034)	(100%)
Change in Net Assets	(42,444)	484,597	(527,041)	(109%)
Total Net Assets	3,476,276	3,354,627	121,649	4%
TOTAL LIABILITIES & NET ASSETS	\$ 3,731,929	\$ 3,478,185	\$ 253,744	7%

Big Sky Economic Development Corporation
Statement of Operations - Actual vs Budget
For the Month and YTD Ended

	Month			YTD			Fiscal Year
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
Operating Revenue							
504 Loan Servicing	\$ 34,470	\$ 33,050	\$ 1,420	\$ 364,191	\$ 363,555	\$ 636	\$ 396,605
504 Loan Origination	13,270	15,000	(1,730)	185,135	165,000	20,135	180,000
504 Loan Closing Attorney Fees	2,500	4,167	(1,667)	22,500	45,833	(23,333)	50,000
Federal EDA RLF Loan Orig	-	-	-	2,837	-	2,837	-
Float Income	49,111	5,000	44,111	73,000	10,000	63,000	10,000
Member Investment	3,500	-	3,500	271,171	282,000	(10,829)	282,000
Federal EDA RLF Loan Interest	2,515	-	2,515	18,738	-	18,738	-
RLF Business Loan Interest	1,002	1,300	(298)	11,957	14,300	(2,343)	15,600
Stabilization Loan Interest	29	25	4	615	615	-	634
SSBCI Orig Fees/Loan Interest	1,373	1,500	(127)	23,849	16,500	7,349	18,000
Loan Processing Fee Income	-	1,969	(1,969)	12,880	21,659	(8,779)	23,628
Grant Administration	-	4,167	(4,167)	4,893	45,833	(40,940)	50,000
Donation Income	180	-	180	780	-	780	-
Miscellaneous Income	-	-	-	-	-	-	15,000
Total Operating Revenue	107,950	66,178	41,772	992,546	965,295	27,251	1,041,467
Operating Expense							
Advertising	-	-	-	150	-	150	-
Board Expenses	-	83	(83)	3,651	4,767	(1,116)	4,850
Business Accelerator	10,000	833	9,167	10,000	9,167	833	10,000
Business Recruitment	48	1,250	(1,202)	2,647	13,750	(11,103)	15,000
Conferences	-	-	-	11,733	4,810	6,923	6,455
Contingency	-	833	(833)	-	9,167	(9,167)	10,000
Dues and Subscriptions	1,140	305	835	21,884	21,362	522	21,667
EDA Reimbursement	58,945	60,077	(1,132)	669,614	660,847	8,767	720,924
Event Expense	2,567	2,500	67	20,942	25,500	(4,558)	25,500
Hosted Meeting Expense	534	367	167	9,089	11,633	(2,544)	12,000
Insurance	871	921	(50)	10,567	11,329	(762)	12,250
Investment in Economic Activity	-	-	-	-	-	-	2,500
Loan Expenses	(1,630)	1,000	(2,630)	20,598	11,000	9,598	12,000
Marketing	1,433	2,625	(1,192)	43,565	29,953	13,612	32,578
Membership Development	332	1,100	(768)	1,634	12,100	(10,466)	13,200
Office Supplies	280	200	80	8,333	2,400	5,933	2,600
Postage	2	70	(68)	1,696	770	926	840
Professional Development	995	375	620	995	4,125	(3,130)	4,500
Professional Fees	9,763	4,333	5,430	67,647	85,517	(17,870)	89,850
Rent	416	340	76	7,204	6,469	735	6,809
Rock31 Outreach	-	-	-	1,715	-	1,715	-
Sponsorships	4,435	-	4,435	9,065	5,000	4,065	7,000
Staff Expenses	166	483	(317)	6,325	8,317	(1,992)	8,800
Telecommunications	280	695	(415)	4,080	7,592	(3,512)	8,286
Travel	5,986	1,700	4,286	30,384	28,143	2,241	25,843
Miscellaneous	15	207	(192)	1,958	2,454	(496)	2,660
Total Operating Expense	96,578	80,297	16,281	965,476	976,172	(10,696)	1,056,112
Net Operating Revenue (Expense)	11,372	(14,119)	25,491	27,070	(10,877)	37,947	(14,645)

Big Sky Economic Development Corporation
Statement of Operations - Actual vs Budget
For the Month and YTD Ended

	Month			YTD			Fiscal Year
	Actual	Budget	Variance	Actual	Budget	Variance	Annual Budget
Non-Operating Income/Expense							
Non-Operating Income							
BSTSP Capital Campaign	10,000	-	10,000	36,000	-	36,000	-
Interest Income	185	1,500	(1,315)	1,786	16,500	(14,714)	18,000
Total Non-Operating Income	10,185	1,500	8,685	37,786	16,500	21,286	18,000
Non-Operating Expense							
Bad Debt Expense	-	-	-	14,500	-	14,500	-
Contribution Expense	-	-	-	92,800	-	92,800	-
Total Non-Operating Expense	-	-	-	107,300	-	107,300	-
Net Non-Operating Income (Expense)	10,185	1,500	8,685	(69,514)	16,500	(86,014)	18,000
Change in Net Assets	\$ 21,557	\$ (12,619)	\$ 34,176	\$ (42,444)	\$ 5,623	\$ (48,067)	\$ 3,355



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT D

Big Sky EDA
Projected Year-End Budget Performance
For the Fiscal Year Ending June 30, 2023

	Projected	Annual Budget	Variance
Operating Revenue			
County Taxes Mill Levy Revenue	\$ 1,365,620	\$ 1,365,620	\$ -
Entitlement	248,756	248,756	-
Health Ins Mill Levy Revenue	95,533	107,590	(12,057)
Recovery of Protested Taxes	13,600	-	13,600
Department of Defense	640,000	652,809	(12,809)
EDC Reimbursement	707,024	720,924	(13,900)
EPA - Brownfields	4,730	166,667	(161,937)
PTAC Advisor Agreement Support	36,000	-	36,000
SBA/MT Dept of Commerce	158,800	162,500	(3,700)
SBDC Program Income	3,514	-	3,514
VBOC	208,500	300,000	(91,500)
Rock31 Membership Revenue	64,000	45,720	18,280
Zoot/Other Room Rent Revenue	6,181	7,200	(1,019)
Rock31 Barista Rent Revenue	-	7,650	(7,650)
Grant Administration	26,246	5,000	21,246
Other Intergovernmental Revenue	54,736	-	54,736
Miscellaneous Revenue	4,213	4,470	(257)
Total Operating Revenue	3,637,453	3,794,906	(157,453)
Operating Expense			
Salaries/Wages	1,631,349	1,786,776	(155,427)
Employer Contributions	511,724	568,620	(56,896)
Advertising	1,876	472	1,404
Barista Equipment Maintenance	4,348	-	4,348
Barista Supplies	600	-	600
Board Expenses	425	-	425
Building Operations/Maintenance	81,000	102,649	(21,649)
Conferences	19,095	10,090	9,005
Contingency	-	60,000	(60,000)
Community Development Projects	20,000	35,000	(15,000)
Dues and Subscriptions	59,382	72,039	(12,657)
Event Expense	12,100	10,000	2,100
Hosted Meetings	5,500	17,700	(12,200)
Insurance	48,398	35,639	12,759
Marketing	70,000	90,245	(20,245)
Office Equipment	7,000	10,000	(3,000)
Office Expense and Supplies	46,987	25,701	21,286
Professional Development	12,000	6,450	5,550
Professional Fees	138,645	271,267	(132,622)
Property Tax Protests	16,427	34,141	(17,714)
PTAC Subcenter	353,000	446,796	(93,796)
Rent	30,403	2,100	28,303
Repairs	6,000	10,000	(4,000)
Special Assessments BID	3,800	3,799	1
Sponsorships	4,500	5,000	(500)
Staff Expenses	4,500	-	4,500
Strategic Priorities	10,000	15,000	(5,000)
Suspense	-	-	-
TEDD	19	2,000	(1,981)

Big Sky EDA
Projected Year-End Budget Performance
For the Fiscal Year Ending June 30, 2023

	<u>Projected</u>	<u>Annual Budget</u>	<u>Variance</u>
Telecommunications	50,978	46,635	4,343
Travel	62,725	76,588	(13,863)
Miscellaneous	9,700	45,187	(35,487)
Total Operating Expense	<u>3,222,481</u>	<u>3,789,894</u>	<u>(567,413)</u>
Net Operating Revenue (Expense)	<u>414,972</u>	<u>5,012</u>	<u>409,960</u>
Non-Operating Income/Expense			
Non-Operating Income			
Capital Campaign	100	-	100
Contribution Revenue	60,300	-	60,300
Interest Income	17,700	12,269	5,431
Total Non-Operating Income	<u>78,100</u>	<u>12,269</u>	<u>65,831</u>
Other Expense			
Non-Operating Expense			
Amortization Expense	1,313	-	1,313
Depreciation Expense	205,218	225,837	(20,619)
Interest Expense	706	-	706
Relocation/BSTSP Transformation	19,281	73,710	(54,429)
Total Non-Operating Expense	<u>226,518</u>	<u>299,547</u>	<u>(73,029)</u>
Net Non-Operating Income (Expense)	<u>(148,418)</u>	<u>(287,278)</u>	<u>138,860</u>
Change in Net Assets	<u>\$ 266,554</u>	<u>\$ (282,266)</u>	<u>\$ 548,820</u>

Big Sky Economic Development Corporation
Projected Year-End Budget Performance
For the Fiscal Year Ending June 30, 2023

	Projected	Annual Budget	Variance
Operating Revenue			
504 Loan Servicing	\$ 398,900	\$ 396,605	\$ 2,295
504 Loan Origination	189,798	180,000	9,798
504 Loan Closing Attorney Fees	22,500	50,000	(27,500)
Federal EDA RLF Loan Orig	3,000	-	3,000
Float Income	73,000	10,000	63,000
Member Investment	279,171	282,000	(2,829)
Federal EDA RLF Loan Interest	20,042	-	20,042
RLF Business Loan Interest	12,937	15,600	(2,663)
Stabilization Loan Interest	633	634	(1)
SSBCI Orig Fees/Loan Interest	25,777	18,000	7,777
Loan Processing Fee Income	12,880	23,628	(10,748)
Grant Administration	19,327	50,000	(30,673)
Donation Income	780	-	780
Miscellaneous Income	-	15,000	(15,000)
Total Operating Revenue	1,058,745	1,041,467	17,278
Operating Expense			
Advertising	200	-	200
Board Expenses	4,051	4,850	(799)
Business Accelerator	10,000	10,000	-
Business Recruitment	2,650	15,000	(12,350)
Conferences/Professional Devel	12,928	10,955	1,973
Contingency	-	10,000	(10,000)
Dues and Subscriptions	24,150	21,666	2,484
EDA Reimbursement	719,368	720,924	(1,556)
Event Expense	21,405	25,500	(4,095)
Hosted Meeting Expense	9,415	12,000	(2,585)
Insurance	11,448	12,250	(802)
Investment in Economic Activity	-	2,500	(2,500)
Loan Expenses	21,000	12,000	9,000
Marketing	44,848	32,578	12,270
Membership Development	4,257	13,200	(8,943)
Office Supplies	9,011	2,600	6,411
Postage	1,849	840	1,009
Professional Fees	71,100	89,850	(18,750)
Rent	7,620	6,809	811
Rock31 Outreach	1,715	-	1,715
Sponsorships	10,265	7,000	3,265
Staff Expenses	6,964	8,800	(1,836)
Telecommunications	4,405	8,286	(3,881)
Travel	32,487	25,843	6,644
Miscellaneous	2,092	2,661	(569)
Total Operating Expense	1,033,228	1,056,112	(22,884)
Net Operating Revenue (Expense)	25,517	(14,645)	40,162
Non-Operating Income/Expense			
Non-Operating Income			
BSTSP Capital Campaign	36,000	-	36,000
Interest Income	1,867	18,000	(16,133)
Total Non-Operating Income	37,867	18,000	19,867
Non-Operating Expense			
Bad Debt Expense	14,500	-	14,500
Contribution Expense	92,800	-	92,800
Total Non-Operating Expense	107,300	-	107,300
Net Non-Operating Income (Expense)	(69,433)	18,000	(87,433)
Change in Net Assets	\$ (43,916)	\$ 3,355	\$ (47,271)



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT E

ATTACHMENT:

SMART Analytical Review - 2022
Big Sky Economic Development Corporation
Final Response (draft)

Findings:

1. **Finding: Big Sky Economic Development Corporation did not consistently provide the Board with reports on the 504 loan portfolio asset quality and industry concentrations on at least a semi-annual basis as required by 13 CFR 120.823(d)(8).**

- *Action Taken:* The Loan Policy Manual for Big Sky Finance (Big Sky EDC) along with its Internal Control Policy have been updated to account for the semi-annual reporting of the SBA 504 Loan portfolio to the Board of Directors. The Internal Control Policy now specifically states this report will be presented to the Board semi-annually, at its March and September Board meetings. Big Sky Economic Development has an organizational calendar in which any recurring event is placed, and these reporting items have been included on the calendar. This report will provide, at a minimum, detail on the portfolios industry concentration, overview of the portfolio, and a copy of the most recent quarterly SBA Lender Portal Report. This reporting will be reflected in the Board meeting minutes. This function will be administered by the CDC Finance Director.
- *Loan Policy updated on page 7 and 23*
- *Internal Control Policy updated on page 3*

2. **Finding: Big Sky Economic Development Corporation did not submit Statements of Personal History (SBA Form 1081) to SBA in a timely manner for three new staff members as required by 13 CFR 120.830(b) and SOP 50 10 6, Part 1, Section B, Ch. 1, Para, E.1.**

- *Action Taken:* BSEDC has updated its policies, procedures and internal controls to ensure it: 1) submits SBA Form 1081s and fingerprint cards to SBA for all new officers, Board members, professional staff and contractors; 2) obtains SBA's written approval of the forms submitted prior to any staff working on 504 loans, and within 30 days of Board members being appointed; and 3) retains copies of the approval documentation. This function will be administered by the CDC Finance Director.

CDC Finance Director works with the Operations Director who has the role of new Board Member orientation in obtaining the required SBA documentation. Form 1081 is provided to new Board Member and any new professional staff as soon as they are elected or hired. New staff will be provided with Form 1081 and fingerprint procedures as soon as notice of hire has been provided (notice of hire occurs prior to new staff coming on board with organization). CDC Finance Director will work with both new staff and Board members to schedule a time to have their fingerprints completed via LiveScan. Operations Director works to have completed form 1081 returned to CDC Director within 30 days. Upon completion of fingerprints and Form 1081, Finance Director submits Form 1081 to SBA and notifies SBA of the completion of the fingerprints.

- *Loan Policy updated on page 7*
- *Internal Control Policy updated on page 2*

3. Finding: Big Sky Economic Development Corporation did not consistently risk rate loans on an annual basis as required by 13 CFR 120.970, SOP 50 10 6, Part 1, Section B, Ch. 1, Para.D.13.d., and SOP 50 55, Ch. 3, Para. H.

- *Action Taken:* Please note – This loan was risk rated for the 2021 tax year on July 26, 2022. Risk Rating and spreads were provided as part of the SMART review. Therefore, this should not have been listed as a Finding. The risk rating and spreads are being provided again with this response.

However, the following is a response as to our risk rating procedures. Loan Policy and Procedures and Internal Control Policy have had additional verbiage added pertaining to risk rating. It is the policy of CDC to annually risk rate each loan upon the receipt of annual financial statements. Loan Specialist sends requests to all borrowers upon tax return filing date for their annual business tax return. Upon receipt of information, the loan software database is updated, and Loan Officer notified of receipt. If financials not received in timely manner, follow up email or calls made to borrower. If notice of extension provided, then follow up to occur at extension deadline. Should financials not be received by the extension filing deadline, the risk rating will be completed based on general lending servicing requirements.

CDC is currently in the process of requesting annual financial statements from its borrowers. As the request is made, the loan file is reviewed for any servicing delinquencies. Prior years' rating will be assessed during this current review period for any not previously completed. CDC Finance Director oversees the review process. Loan Officer responsible for the annual review of financials. Loan Specialist responsible for the collection of annual financials.

- *Loan Policy updated on page 25*
- *Internal Control Policy updated on page 6*

4. Finding: Big Sky Economic Development Corporation's 2021 audit report did not include the CPA's letter to management on internal control weaknesses as required by 13 CFR 120.823(d)(6) and 120.823(a)(1)(i)(E).

- *Action Taken:* The Internal Control Policy of BSEDC has been updated to include all requirements of the CPA's letter to management on internal control weaknesses.

CDC did obtain this letter from the CPA for the 06/30/22 Audit after submission of the SMART audit report to SBA. This information was uploaded into the CDC's Corporate Governance database within CAFS as part of its FYE 2022 CDC Annual Report. Management letter included with this response. Big Sky EDC's FYE 2023 audit has not yet been engaged in with the CPA. An engagement letter containing this requirement will be provided to SBA as part of CDC's annual report. CDC management and the auditor have been made aware of this requirement per last year's reporting. The request of the CDC audit preparation is the responsibility of the Controller. CDC Finance Director will work with the Controller to review the engagement letter for all SBA requirements.

- *Internal Control Policy updated on page 2*

Recommendations for Improvement:

- 1. Big Sky Economic Development Corporation should prepare a Board-Approved plan which outlines the specific steps the CDC will take to improve the quality of its loan packages. Big Sky Economic Development Corporation should provide its Board of Directors with 504-related training.**

- Response: CDC Finance Director established a First Pass Procedures document which was presented to the Board of Directors and approved on 06/10/2021. This report was also presented to SBA and approved. CDC is not making changes to these procedures at this time. CDC has had turnover in its Loan Officer position. We currently have a very strong team in place, particularly with our new loan underwriter brought on within the last year. CDC continues to follow its procedures and has improved its first pass rating with SBA. Furthermore, it is of our opinion, and our Loan Committee's opinion (who review every credit) that the quality of our financial analysis has greatly improved and is very strong. Furthermore, Finance Director has created within the past year a CDC networking group with 6 other CDC's of similar size to discuss processes, eligibility and other 504 related topics. This group meets virtually on a monthly basis.
- 504-related training is provided to all new Board of Directors as they are appointed as part of their orientation. This is provided by the CDC Finance Director in a one-on-one setting. Updates to the 504 program are provided to the Board of Directors at regularly scheduled meetings as the updates arise. Furthermore, sufficient detail on the 504 loan portfolio will be provided to the Board of Directors semi-annually as part of the Board reporting. All Board members are required to review and sign the Board of Directors Annual Certification annually and upon appointment to the Board.

- 2. Big Sky Economic Development Corporation should update its Conflict of Interest Policy to include requirements specific to management of conflicts related to its professional service contracts. Further, staff members should sign an acknowledgement of the policy when they join the CDC.**

- Response: Current practice is in place, organizationally, for all Board members to sign the Conflict of Interest Policy on an annual basis. New staff members are provided the Conflict of Interest Policy as part of their new hire packet. Conflict of Interest policy is reviewed annually by management. No update to Internal Control Policy.

- 3. Big Sky Economic Development Corporation should submit evidence of the Board's review of the 2022 Independent Loan Review Report to SBA as part of its responses to this Review.**

- Response: Independent Loan Review was completed in November 2022, by Advisors. The review was presented to the Board of Directors at the November 10, 2022, meeting. The report was approved by the Board at this meeting and signed board minutes are being provided. This information was all provided as part of the CDC's annual report and uploaded into its Corporate Governance database within CAFS.

4. Big Sky Economic Development Corporation should work with the 504 Central Servicing Agent to ensure that the past due balance issues affecting the two loans driving the Stressed Loan Rate are resolved.

- Response: CDC has cured the past due balances. These past-due items were minimal and resulted from the Cares Act payments. CDC currently has no past due accounts and 45-day delinquency report attached showing no delinquency. Additionally, CDC's Loan Portal report as of 3/31/2023 shows no Stressed Loans (page from report attached).

5. Big Sky Economic Development Corporation should review and update its Loan Policy Manual as necessary to ensure that it incorporates recent changes in regulatory requirements, business practices, and key SBA Loan Program Requirements for eligibility, underwriting, closing and servicing.

- Response: CDC has made changes to its Loan Policy and is attached. CDC will review its Loan Policy annually. A more complete review will be completed upon CDC's full review of the new SOP 50 10 7 being released in August 2023.

BIG SKY EDC LOAN POLICY MANUAL and INTERNAL CONTROL POLICY
Proposed Amendments

Big Sky EDC Loan Policy Manual

Changes required as result of SBA SMART Audit (Findings):

- Page 7 – Policy With Respect to Board Reports
 - Verbiage added that semi-annual Board update will be noted in Board minutes
- Page 7 – CDC Specific Guidelines as to CDC Staff
 - Verbiage added that CDC staff must obtain prior written approval from SBA of the submission of Form 1081 (Statement of Personal History) prior to the individual working on 504 loans.
- Page 23 – Policy Statement on Reporting
 - Added – At a minimum, CDC Finance Director will present semi-annually to the Board the current status of the SBA 504 loan portfolio. Finance Director will also report to the Board any material changes to its Loan Policy and Procedures or Internal Control Policy.
 - Added – Industry Concentration to the reporting.
- Page 25 – Financial Statement Collection and Analysis
 - Added – Annual Risk rating will be completed for each borrower based on their prior year financial information provided, along with all required servicing matters. Should annual financials not be received from borrower, loan will be risk rated based on servicing requirements.

Changes/updates to the Big Sky EDC Loan Policy Manual:

- Updated throughout SOP reference from SOP 50-10-5 to SOP 50-10-7
- Updated throughout SOP reference from Authorization for Debenture Guarantee to Terms and Conditions
- Page 6 – Board Member Reporting/Documentation Requirements
 - Updated fingerprint procedure using LiveScan (electronic fingerprint service). Finance Director will coordinate with Board Member on completion of fingerprints for timely submission to SBA. Finance Director will retain approval documentation from SBA electronically.
- Page 14 – Policy Statement on Guarantors
 - Added – Should the Third Party Lender take an additional guarantor, one not required by SBA, then CDC must take that additional guarantor matching that of the Third Party Lender.
- Page 15, item 6 – CDC Application Deposit
 - Added – In lieu of this deposit, CDC may collect 1/3 of the CDC processing fee from borrower upon loan approval.
- Page 18, item 17 – Policy Statement on Credit Approval
 - Added requirement of SAM verification along with CAIVRS.
- Page 19 – Credit Scoring
 - Added – Loans will be risk rated at loan origination by the Loan Officer per the risk rating scoring in the appendix.

- Page 25 – Policy Statement on Monitoring of Financial Condition – Financial Statement Collection and Analysis
 - Added – Annual Risk rating will be completed for each borrower based on their prior year financial information provided, along with all required servicing matters. Should annual financials not be received from borrower, loan will be risk rated based on servicing requirements.
- Page 27 – Policy Statement on Loan Grading
 - Added – A separate loan risk rating scale will be utilized for loans where financials have not been received. This scale is included in the appendix.
 - Added – Loans with Risk Rating of 4 or above will be added to Watch List
- Page 36 – Policy Statement on Loan File Maintenance
 - Updated file retention guidelines
- Page 51 – Risk Rating Scale
 - Added Annual Risk Rating – No Financials scale

Big Sky EDC Internal Control Policy

Changes required as result of SBA SMART Audit (Findings):

- Page 2 – CDC Staff and Board Form 1081 & Fingerprint Card File
 - Updated Fingerprint procedures for new staff and Board members.
- Page 2 – Big Sky EDC Financial Audit
 - Added – Audit must contain CPA's letter to management on internal control weaknesses as required by 13 CFR 120.823(d)(6) and 120.830(a)(1)(i)(E).
- Page 3 – Board Reports
 - Added – The Board's review of these reports will be documented in the Board minutes. Semi-annual reports will be provided at the March and September Board meetings and will be placed on the organizational calendar annually.
- Page 6 – Annual Loan Grading per CDC Policy
 - Procedures updated for annual risk rating. More specific language for ongoing annual risk rating and risk rating if no annual financials received. Exhibit D added showing scale for Annual Risk Rating – No Financials.

Changes/updates to the Big Sky EDC Internal Control Policy:

- Pages 9–10 – Independent Loan Review
 - Updated to review every 2 years.
 - Added – Presentation and approval of the Annual Review by the Board of Directors will be documented in the Board minutes.



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT F

SBA 504 Loan Requests

- I. Big Sky EDC is requesting approval to submit to the US Small Business Administration the following SBA 504 loan requests. The Big Sky EDC Loan Committee has reviewed the requests and recommends approval to the full EDC Board for submission to the SBA for final approval. The requests meet all the underwriting and eligibility requirements of the EDC.

1. **Herron Veterinary Associates PLLC / Ugly Mug Cribs, LLC** – Purpose of this request is for the purchase of land and existing building, renovations and equipment purchases for Caring Hands Veterinary Hospital. The project is located at 985 South 24th Street West in Billings. Caring Hands Veterinary Hospital is an existing practice relocating as they have outgrown their current location. This new location will provide the ability to add additional veterinarians and expand their services. Caring Hands is a full-service practice providing a full suite of preventive and general maintenance care along with emergency services, breeding services, surgery, pharmacy and boarding. It is owned 100% by Dr. Amber Herron, DVM. Although Dr. Herron purchased the practice in 2018, the practice has been operating in Billings for nearly 40 years.

The total SBA debenture is projected to be \$1,633,000 on a 25-year note comprising 40% of the total project. Big Sky EDC and the SBA will be in a 2nd lien position on the real and personal property behind Western Security Bank. There are projected to be 13 new jobs created because of this project. The project meets a Public Policy goal for Woman Owned business.

2. **GEM, INC / Sadge Investments LLC** – Purpose of this request is for the purchase of land and existing commercial real estate located in Great Falls, MT, for Direct Automotive Distributing. Direct Automotive is a wholesale distributor of Motocraft and AC Delco auto parts. Borrowers are purchasing the building they currently lease in Great Falls. GEM, INC (dba Direct Automotive Distributing) was established in 1992 by Scott Ellis. The company has seven locations including this one across the northwest.

The total SBA debenture will be \$551,000 on a 25-year note comprising 40% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position on the real property behind Washington Trust Bank located in Spokane, WA. There is projected to be 1 new jobs created and the 9 existing jobs retained because of this project.



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT G

Big Sky Economic Development Parks Strategy + Commitments

- **PAC Bond Issue Campaign Committee Support**

- Education
 - Support education efforts by sourcing information, facts, research, and statewide comparisons that complement the park's strategy.
 - Provide updated details on the local economy and projects growth data.
- BSED Board of Directors Participation
 - Encourage BSED's Board of Directors to personally participate and support campaign efforts.

- **Fundraising Committee Support**

- BSED Staff Time
 - BSED's Community Development team can support grant writing efforts, as the fundraising committee identifies grants to suit the project.
- BSED Pledge
 - BSED will pledge \$50,000, over a 3-year commitment of \$16,666.70 per year, to support capital investment in parks, to begin in FY 2024.
- Coulson Park
 - BSED has raised \$610,000 earmarked for Coulson Park development.
 - BSED will commit an additional \$50,000 upfront towards Coulson Park development.

- **Overall Steering Committee Support**

- BSED Staff Time
 - BSED's Executive Director, Community Development, and Marketing teams will play a role in supporting the efforts of the Steering Committee.
- BSED/ROCK31 Building
 - BSED can host meetings and events related to the project.
 - Potentially commission a display of parks projects to share with community members.



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT H

Building Capacity to Serve with Passion and Excellence

Fiscal year 2024 will be a year of opportunity for Big Sky Economic Development, mixed with growing pains. As the accomplishments of BSED continue to mount—serving the community and its businesses in unique and important ways—the expectations on BSED are multiplying as well. As one Board member put it, “We have to build capacity as an organization because we are serving a growing community.”

The focus of my work in fiscal-year '24 will be -- building the team to strengthen our capability to serve our community with passion and excellence. We have a very talented and dedicated team, yet, for us to respond to the emerging needs of our community, and thrive as an organization, we need to engage with and retain our current team, add new talent in strategic areas, and strengthen our leadership structure.

The outcome of this work should be —a thriving team with growing expertise and the capacity to make valuable, meaningful impacts in the community we serve.

Executive Director Areas of Focus FY 2024**A. Build the BSED Team for the Future**

1. Engage and Grow our BSED Team (WTL)
 - Sustain communication across the org
 - Share time and leadership development efforts across the org
2. Complete the Capacity-Building Plan
3. Empower the Senior Director Structure
 - Complete Stewardship Agreement
 - Execute SD Professional Development Plan

B. Lead/Support Strategic Priorities Initiatives

1. Downtown Redevelopment to Complement Medical Corridor Investment
2. Parks/Trails Comprehensive Development/Funding Plan

C. Strengthen our Key Partnerships

1. BSED Board Members (weekly engagement)
2. Key Industry Leadership (quarterly industry roundtables)
3. Key Local Partnerships—County, City, Chamber, SD2, RMC, MSUB, RVU/MCOM, Downtown
4. Department of Commerce and Other Key State Partners
 - delegate the MEDA Board Responsibility

D. Strategic Planning for FY '25 and '26

1. Conduct Stakeholder Survey and Focus Groups
2. Seek a Partnership Approach for a Comprehensive ED/CD Development Strategy
3. Update Succession Plan Framework with Executive Committee/Board

E. Build Awareness and the BSED Brand

1. Engage in 8 “community conversations” about the role, scope, and impact of BSED

F. Personal/Professional Development

1. Dedicated time each week for strategic thinking (3 3-hour blocks per week)
2. Fall/Winter 2023-2024 IEDC Leadership Conference