

THE PRAIRIE CLUB
BOARD of DIRECTORS' MEETING
March 14, 2018

Call to Order

President Doug Elrick called the board meeting to order at 6:30 pm. All members listed below were present unless designated by an asterisk (*). All members listed below with (p) participated via teleconference.

Officers: President – Doug Elrick (2018)
1st Vice President – John Manthey (2018)
2nd Vice President – Patricia Craig (2018)
Hazelhurst Camp Chair/Vice President – Larry Bergman (2018)
Spring Grove Camp Chair/Vice President – Erin Kiehm (*) (2018)
Treasurer – Bill Breach (2018)
Recording Secretary – MP McKenzie (2018)

Directors:

Jim “Mac” McCarthy (*) (2018)	Hope Little (*) (2019)	Bob Foote (p) (2020)
Patty Ciesla (2018)	Richard B. Spurgin (p) (2019)	Art Anderson (2020)
Brian Reed (2018)	Charles Calkins (p) (2019)	Charlie Johnson (2020)
Dan Gapen (*) (2018)	Jean Simmons (*) (2019)	Terry Riban (*) (2020)

Chairs: Buena Vista - Paula Flanagan (*) and Beverly McBrien (*)
Family Cottage - Carla Klausler (*)
Farmhouse - Deb McGrath (*) & Barb Wittersheim (*)
Membership - Barb Burton Halfpenny (*)
Nominating – Leo Krusack (*)
Conservation – Leo Krusack (*) and Bernie Dahl (*)
Activities - Hope Little (*)
Spring Grove Lodge – Mickey Hanson and Judy Illingworth
Finance - Rich Spurgin (p)

Members: None

Executive Director: Jacquie Dziak
A quorum was established.

Minutes Approval:

John Manthey Moved to approve the 12/13/17 board minutes; Patty Craig seconded, all in favor, the motion passed.

Treasurer's Report - Bill Breach

The 2017 financials highlight what a terrific year we had. All our rentals were above budget; this was probably the best year ever in the history of the club for rentals. We took in \$30,000 more than budgeted.

The assessments closed out both Hazelhurst and Spring Grove Camps at years end. Basically, the rentals and siteholders pay for the camps. Both Hazelhurst and Spring

Grove collected more than expensed; for Hazelhurst, the siteholders get reimbursed and for Spring Grove, excess goes to the Spring Grove Improvement Fund.

On the expense side, maintenance was way over budget. While there were several factors, the primary issue was with Workman's Comp insurance. We were audited by our insurance company which discovered that the Hazelhurst caretaker, Vern, and rental properties' cleaning crew do not carry their own workman's comp insurance. There are conflicting reports about whether sole proprietors can get workman's comp. We were billed roughly \$4,000 – the cleaning ladies were several hundred dollars and the rest was due to private work done by Red Arrow Contracting, so most of that was due to Vern's privately contracted work for the Club in 2016.

General contractors are required to carry workman's comp. Construction management is not required because they work in the office, not on-site, and don't carry the same risks. But contractor's do work on-site and have to be covered. It's not enough to be licensed and insured. All contractor's should have their own Workman's Comp insurance.

Paula has the most contact with the cleaning crew, so Bill will request that Paula re-visit the workman's comp issue with them. If they can, they should get it. If not, we may have to pay them as part time Prairie Club employees since we do carry workman's comp insurance for all Prairie Club employees.

But, even with all that, the net ordinary income (before depreciation), was \$55,000, nearly \$30,000 over budget.

Larry Bergman believes offering linens and wifi for all the rentals and allowing exclusives during peak season is making the difference. Hazelhurst already has \$90,800 in bookings for 2018.

2017 Analysis of Capital Expenditures and Improvement Funds

The spreadsheet summarizes the entire year financially, showing the various Club Improvement Funds actual versus budgeted.

The Peschel bequest of \$20,000 was restricted to Hazelhurst so added to the HHIF. The Red Barn floor was postponed, hopefully that will be done this year instead.

The HHIF ended 2017 with \$95,000. As we closed out the year, surplus from the rentals was added to the HHIF. We had budgeted \$36,000 but added \$32,000.

Spring Grove ended up with almost \$10,000 in SGIF, a record for Spring Grove camp.

Our 2017 year end balance in unrestricted reserves was \$135,347.

A question arose regarding the workman's comp issue, as to who will follow up with Vern to make sure this doesn't happen again. Right now there are no projects involving Red Arrow Contracting. For normal caretaker activities he is already covered as a Prairie Club employee.

As for siteholders at Hazelhurst who might contract with Red Arrow, it's their

responsibility to assure whatever contractor they hire has Workman Comp insurance.

The net rental income at Hazelhurst came in at almost \$38,000, while we had budgeted \$21,686.

John Manthey moved to transfer the net rental income from Buena Vista, Family Cottage and the Farmhouse, totaling \$37,715, to the Hazelhurst Rental Property Improvement Fund to be available for capital improvement projects; Patty Craig seconded, all in favor, the motion passed.

John Manthey moved to accept the financial statements as presented; Charles Calkins seconded, all in favor, the motion passed.

Old Business:

Prairie Club Capital Plan – Rich Spurgin

Rich Spurgin requested that we delay the in-depth discussion of the Prairie Club Capital Plan to the May meeting. Anyone can send comments to Rich who will send a draft out prior to that meeting. Please read the report and be prepared for discussion.

John Manthey suggested that we create a pipeline for future capital projects by identifying those projects we know will have to be done and those we might wish to invest in doing, over the next 20 to 30 years.

With tangible details, we'll know how much cash we need to carry on the balance sheet for future projects. This will also simplify the annual capital budgeting. John volunteered to lead a committee.

Questions for the board:

Does this sound like a productive effort?

Who would like to join such a committee?

The Prairie Club Capital Plan is roughly budgeted at \$700,000. But this effort would go further by asking “What will the Prairie Club, and Hazelhurst and Spring Grove camps look like in 20 or 30 years? And who will be involved there?”

First we would have to collect information, to identify who and what we are. John has already had a preliminary conversation regarding this with Patricia Craig, historian for the Club as well as Hazelhurst Camp. He also referenced the survey which Sue Krusack created.

Is this a good idea?

Are there questions regarding it?

Who else might help?

It would at minimum produce a 10 year pipeline for each camp and each rental property.

For example, we know that every 20 to 25 years each property will need a new roof; what would the cost be and what cash do we need to carry to support that? Right now we are good people with good ideas but no plan.

The plan and outlook are primary, the budgeting would be secondary, following identified priorities. This would dovetail with the Capital Plan that Rich Spurgin and the Finance Committee are working on, but John is suggesting a much more detailed plan, including numbers.

Following some discussion, it was decided that two ad hoc committees would form to support the initiative. One will focus on the strategic plan and the other would focus on the financial planning to support it.

John Manthey, Patricia Craig, Charles Calkins, Charlie Johnson, Larry Bergman, Rich Spurgin, Brian Reed and potentially Erin Kiehm volunteered to work on the ad hoc strategic plan committee. Their focus will be broader: who are we and what will we look like in 20 years.

John Manthey, Patricia Craig, Rich Spurgin, Charlie Johnson, Brian Reed, and Larry Bergman volunteered to work on the ad hoc financial plan committee.

This is merely the beginning of an in-depth planning process; they will coordinate with Rich Spurgin and the Finance Committee for the May report and discussion.

Check Writing Procedures – Bill Breach

On behalf of the Finance Committee, Bill Breach has spoken with Jacquie Dziak regarding the job of Prairie Club Executive Director as it pertains to check writing procedures.

Bill acknowledged the value of the Accounting Policies and Procedures Manual created by Herb Carlson. At that time, the Executive Director position was in charge of accounts and also signing checks which is not considered best accounting practice.

So Herb proposed that the Executive Director only be allowed to sign checks under a certain dollar limit, and that board members be designated to sign those over that limit. At that time, there were several board members who lived close to the office but that's no longer the case. Tim Anderson is currently the primary signer but is no longer on the board. It has become more onerous to have checks signed so the Finance Committee looked into the problem and suggested a few changes.

Expenses typically fall into 2 categories: routine expenses, ongoing bills that are paid in a predictable cycle such as monthly utility bills, and those that are project related, typically bills that come in for a specific project over a set period of time. Project related expenses require approval by the person managing the project, whether camp chair or project manager. Project related expenses, which tend to be larger, are first paid from the operating account, which is then reimbursed by the reserve account when so designated.

We now use an outside accounting firm to do a bank reconciliation each month, so there are checks and balances in place in keeping with best accounting practices. And every month a full list of transactions is submitted to the Finance Committee so that Rich Spurgin and Bill Breach see every single transaction for the checking accounts. It is their opinion that with these controls, the actual check signing is not a place of risk.

The Finance Committee proposes that the Executive Director be allowed to sign all

checks on our operating account once underlying expenses have been approved by the appropriate responsible person.

There is a separate account for reserve funds. Currently the Executive Director is listed as a signer on the account, but very few transactions are made from that account and it is not deemed necessary to have access to that account.

Currently the Reserve Account lists Bill Breach, M.P. McKenzie and Sue Krusack. The Finance Committee proposes to have current board member Patty Ciesla replace Sue Krusack who is no longer on the board.

The Finance Committee proposes to remove the Executive Director as a signer from the Reserve Funds account and add the Executive Director as a signer to the Operating Account.

It has always been a requirement that the Executive Director must receive approval from project managers before paying bills. That does not change.

Concern was raised over the use of the word cash in the Accounting Policies and Procedures Manual as accounting for cash is different from accounting for general funds.

Charles Calkins moved to approve the Finance Committee's recommendation to remove the Executive Director as a signer on the Reserve Funds account, and to approve the new list of three check signers on the Reserve Fund: Bill Breach, Patty Ciesla, and M.P. McKenzie. Charles Calkins then amended the motion to change the wording in the Accounting Policies and Procedures Manual from cash disbursement to funds disbursement:

Page 1: "Ensure that funds are disbursed only upon proper authorization..."

Page 1: "Fund disbursements are generally made for:"

Page 1: "Requests for funds disbursements are typically submitted to the Club office..."

Page 3: "General Funds Disbursement Policies"

Patty Craig seconded the motion; all in favor, the motion passed.

New Business:

Annual Meeting Update

Sue Krusack has not been able to get a commitment or confirmation from the prospective bat expert regarding a presentation for our annual meeting.

John Manthey moved to adjourn, Larry Bergman seconded, all in favor, the motion passed. Meeting adjourned at 8:18 pm.

Next meeting: Wednesday, May 16th, at the VFW in Villa Park, IL at 6:30 pm.

Respectfully Submitted,
MP McKenzie

Future 2018 Board Meeting Dates:

July 18; September 19; October 17; December 12