

# Cycles for Change Community Meeting

*January 7, 2020, 6:30pm-8:00pm*

*Matthews Community Center*

- Board in attendance: Kizzy Downie, Khu Thao, Jackson Otto, Andrew Petriusi, Ashley Pethan, Tom Guettler, Dean Carlson
- Facilitator: Juliet Mitchell

## Welcome

Introduction from Juliet Mitchell (Facilitator)

- Board has worked behind the scenes, put together a presentation, improve clarity about what's happening
- Objectives:
  - Educate and build awareness about how C4C got to this place
  - Share recommendations and invite you to share
  - Decisions will not be made tonight, but input will be taken into consideration

Introduction from Andrew P. (Board Chair)

- Thanks to all for coming, this is the second community meeting
- Introductions around the room

## Presentation

History

- 1996 Yellow Bike. Staff functioned as the board
- Organization separated the board and staff roles
- 2017 two community bike shops
- 2018 closed St. Paul shop

Organizational activities

- Learn to Ride: grants and volunteers
- Open Shop: tools and training and safe space to work on bikes
- Youth apprenticeship: retail and mechanic skills
- Retail: merged St. Paul and Minneapolis shops
  - Staff worked hard to improve procedures for operations
- Administration:
  - Grants were disappearing, there were fundraising efforts
  - Grant exploration in 2019, hired fundraising contractors
  - Finance and accounting transitions
    - Update the process for managing finances

- 3rd party organization managed finances, helped to improve data
- Leadership transition: Executive Director transition, who spearheaded a lot of these positive changes.

## 2019 Highlights

- Programming grants
  - Grant dashboard projected \$225,000 in grants for 2019
  - Realized we needed expertise to get grants and cultivate donors: contracted two experts
  - Fundraising efforts: Bike BBQ, annual appeals, etc. These events did not bring in the amount that was budgeted.
  - Canceled the St. Paul LTR due to low participation. Minneapolis programs carried out what had been planned in St. Paul.
  - Completed the summer programs.
  - At that time, submitted two grant applications, optimistic with other applications to be submitted.
- Retail Shop
  - End of 2018, closed the St. Paul shop. Rent had increased significantly, consolidated to Seward.
  - Focus on improving operations, procedures, trackings
  - Increased sales, running out of stock and inventory
  - Improving vendor relationships
- Administrative
  - Transition in staff and board
  - Contracted with financial firm, Haworth
  - Board recruitment: for expertise/skill gaps
  - Started to tackle bylaws and other documents
- End of 2019
  - Donations/fundraising
    - Where we really started to feel the heat with what was happening
    - Two contractors both left for various reasons, without additional revenue obtained.
    - Learn to Ride Program: extended the remainder of that money into 2020
    - GTMD campaign was launched on Nov. 1:
      - Specifically geared towards Open Shop, kept organization page up, but Open Shop page taken down in later Nov.
    - Database service lapsed
  - Retail Shop
    - Suspend operations due to staff layoff
    - Explore options and closing shop
  - Administrative

- Bridge loan approved to cover revenue shortfall for payroll until billable services were to arrive.
  - Assets were frozen.
- Around ~\$25,000 accounts payable
- Staff were laid off. Paid their final paycheck and PTO. Didn't want people working past that date not knowing whether or not they could be paid.
- Board takes on operational duties
  - Sort out the issue of what was actually going on.
- Main focus since then has been on the financial situation.

## Financials

- Jan - Nov budget vs. actuals
  - Revenue projected \$533k, but realized only \$307k
  - Expenses projected \$501k, but only \$349k
  - The difference is from a projected budget surplus of \$32k to a loss of \$42k
- Pending obligations
  - Known obligations of ~\$13k:
    - Office and shop rent
    - Open shop
    - Equipment rental
  - Unknown obligations not included
    - Payroll taxes
    - 990 late fee
    - Attorney fees
  - Bank balance
    - \$6,000, we're short to satisfy existing obligations
  - No revenue stream to satisfy the obligations at this time. The assets of C4C are tied up in inventory, so that is what will need to be used.

## Looking Into The Future

- The Shop
  - Potential buyer to take over space and inventory and run a bike shop
  - Otherwise, sell inventory and vacate
- Learn To Ride
  - Reimbursable grant for 2020
    - Potential to transfer to qualified partner
    - Otherwise forfeit the grant
- Open Shop
  - Looking at qualified partners to support this work
- Cycles for Change Organization
  - Sunset the organization and distribute resources
    - Restricted to distributing to other nonprofit organizations

- Start anew, bringing in new leadership and expertise while maintaining the mission.

## Questions & Discussion

- Do you have access to Databank now?
  - Yes
- With the potential partner for running the shop and open shop, will there be thought around creating a safe space for to continue services and mission?
  - Yes
- What were the grants applied for in Q3?
  - *Got \$1000 for one*
  - *Two were supposed to be submitted to BCBS, but neither of them were submitted*
- Clarify that St. Paul LTR closed due to lack of participation, and moved all of those to Minneapolis and increased service.
- GTMD clarification about when the campaign was launched?
  - *Launched on Nov. 1 in support of open shop. Then that fundraiser page was taken down in later Nov., but the organization page remained.*
- What happened to the reimbursement to cover the bridge loan?
  - *Didn't happen*
- Hired on seasonal staff for LTR. That was through the reimbursement grant
- What are the resources?
  - *The shop and inventory*
- Does the 20% match for the LTR grant, is that volunteer hours or financial?
  - *Financial. Any leftover resources may be able to support an organization that takes this over by providing the 20% match.*
- Discussion around starting anew
  - *May be possible to rally support for this.*
  - *Reconstituting the board and having open elections*
  - *There is also opportunity in these tough situations*
- Open shop, if this would be to go forward
  - *A big part of that would need to be maintaining a safe space for the C4C and grease rag communities.*
- One of the grant writers was paid a \$2,000 retainer, and they did not fulfil the obligations for that agreement. Has there been action to get that back?
  - *There was some work done, and it isn't what we needed*
  - *They did not submit those two grants*
  - *Have not had the resources or capacity to go after this, didn't rise as the highest priority. Severed ties.*
- Staff was impacted very strongly. Emails and intellectual property stored.
  - All email accounts were deleted. By the time that we realized it happened, they were gone forever.

- Do have access to the org. files: Would like to work with staff to provide access for that. Need to move this forward.
- Items that staff members looking for were associated with the staff accounts.
  - xx@cyclesforchange creates account and then puts it into the shared drive.
  - It says it no longer exists, and that is really scary.
- Cycles for Change shared drive
  - Then all the accounts create accounts and then put into shared drive.
- Board to email staff directly with another update about this by Friday.
  - Screenshot of what's in the drive.
  - Schedule the meetings. Share that info some way. (Low specifically)
  - Restoring user account Google drives?
- If team drive instead of shared drive, then everything would still be shared by the team drive. Maybe shift it to a team drive instead of individual ownership problem.
- Check in about things from last meeting
  - Committed to posting documents on the website
    - Board to post financial statements on website
  - Unanswered questions would be answered
    - Can these be answered on the website?
    - Board will post these meeting notes and powerpoint, which should answer those questions.
- Give to the Max Day
  - Access to the knowledge of who gave to which thing, just send a quick one question survey: Would you like your donation to be Gen Op or open shop?
- Insight into discrepancies between budget and actuals
  - Budget revenue includes any source of income
    - There were some assumptions in the budget: about anticipated grants that changed their funding priorities
    - Not only grants missed, but lower fundraising and donor giving
  - Speak more to how the budget is created
    - Is a projection, had expected grants that didn't come through
  - Three years ago, people knew these major funding sources were changing their priorities.
    - Frustrated to hear that it sounded like this blindsided the board.
  - How to draw fiscal year responsibly based on the funding support.
  - Going forward, making sure when doing budgeting process, making sure someone who is a professional fundraiser is a part of that. So that projections are more in line with with probability
- Maybe make it a smaller organization? Volunteers focus?
- More than enough blame to be sent around
  - Is a shared responsibility.

- We all love cycles for change, that's why we're in this room. We believe in the mission.
    - Systems weren't there to support staff or board.
    - Everyone was trying really hard, doing the best they could, but it just didn't work.
  - Shared responsibility
    - How to move forward. Don't rely on a model for unpaid labor.
  - Mr Michaels Recycles Bicycles
    - It's a nonprofit business. Maybe an example to look at.
  - If going forward with open shop
    - Necessary to have used parts
    - Need bicycles coming in.
    - Refurbish bikes for sale. That could be financially viable. Matter of courting volunteers properly
    - Advertise through free places like Craigslist

## Closing Notes

Thank you everyone for questions, listening, and being here.

- We want your feedback, we will come back to you with action items
- Comment that board misjudged who the community is:
  - Request for clear, actionable steps and timeline for potential partnership and engaging the community of stakeholders, to reflect the community served.
- Communicate within the next month with updates about the progress
  - Had been pursuing as many possibilities as possible
  - Now we have a clear sense of where we're headed
- In terms of engaging the community
  - This process is part of that
  - Continue to invite everyone to submit comments to info@
- Need to identify specific asks around community engagement
  - The community has resources to get there

## Adjourn