

PENNSYLVANIA DISTRICT BOARD OF TRUSTEES MEETING
BOARD MEETING MINUTES
May 12, 2021

The fifth meeting of the 2020-21 Pennsylvania District Board of Trustees was held on May 12, 2021 via a zoom platform/conference call. The following board members were present: Governor Don Smith, Governor-elect Sarah Zulueta, Trustees Roger Janes, Barb Byers, Barb Harer, Matt Wise, Ryan Hartman, Mike Coolbaugh, Lillian Mateja and Executive Director/Secretary/Treasurer Kevin Thomas. Guests included Lt. Governors Shawn Smith and Joy Ashley and District Convention Chair Kelly Kinkaid.

The board considered a report and information related to 2021 Convention location. See P1-P4. The motion on P1 regarding invoking the Force Majeure provisions on the existing contract with the Crowne Plaza was approved. A motion the was introduced, second and approved to have the District Convention at the Hilton Harrisburg Hotel pending final contract negotiation. The recommendation to invite the New Jersey District to consider a joint convention in 2024 with the Pennsylvania District was, also, approved.

District Convention Covid-19 practices were considered. See P5. The board approved the Covid-19 recommended procedures for District Convention.

June 2, 2021 at 7:00PM was established for the next District Board so that a convention agenda and budget may be approved.

A District Bylaw amendment to prorate District dues for new members as they come in during the administrative year was considered. See P6. The board approved this amendment for consideration at the business session of the 104th District Convention.

Trustee Barb Rogers, the board's liaison to the Foundation Nominating Committee, spoke on the activities of the Foundation Nominating Committee. Presently, there are 4 candidates to fill vacancies on the Foundation board.

Past Governor Jen Vare spoke on the Joker Pot fundraiser for convention and the annual Kiwanis Kash raffle. Board support of both activities was strongly encouraged with all board members urged to take and sell raffle tickets.

Candidates for International office were reviewed. The District Board agreed to support Chuck Gugliuzza from the Florida District for Vice-President and Linda Lawther from the Michigan District, Dan Leikvold from the Minnesota-Dakotas District and Gary Graham from the Louisiana-Mississippi-West Tennessee District for Trustee.

Clubs not paying 2020-21 Dues were reviewed. See P7.

The letter on Internal Controls that came as the result of our 2019-20 audit from Brown, Schultz, Sheridan & Fritz was reviewed. See P8-P11. After review and discussion, it was decided by proper motion, second and vote that the Finance Committee chair would review and approve all invoices with the Governor and Immediate Past Governor serving as back-ups. Executive Director Kevin Thomas will seek greater clarification and discussion on points 1, 2 and 4 from BSSF.

A motion was introduced, seconded and approved to have Governor-elect Sarah Zulueta establish a strategic/long-term planning committee. After discussion, this motion was approved.

The meeting was moved to closed session to update board members on a new contract and revised job description for the District Executive Director. The Executive Director was not present.

With no further business to conduct, the meeting was adjourned.

Respectfully submitted,



Kevin E. Thomas, Executive Director/Secretary/Treasurer

2021 District Convention Location Report

On April 20th, a Zoom meeting was held with the Crowne Plaza Reading Hotel. Previously, a summary of that meeting had been provided to board members and that summary is enclosed. After that meeting, it was/is clear that having our District Convention at the Reading Crowne Plaza is untenable and the upcoming lifting of Covid-19 capacity limits does not change that. Accordingly, I am asking the District to approve the following motion.

Motion: Because of the Covid-19 economic impact on the operation of Crowne Plaza Reading Hotel, the Pennsylvania District of Kiwanis International will invoke the Force Majeure provisions of the contract it presently has with the hotel to host its convention on August 19-22 and inform the Crowne Plaza Reading hotel that we will not be holding our convention at their facility on that date or any other date.

Alternate Convention Sites:

We presently have 3 viable alternative Convention Sites. They are the Hilton Harrisburg, the Doubletree Reading and the Alloy by Doubletree in King of Prussia. In no order except perhaps from west to east, here is summary of each property.

1. **Hilton Harrisburg:** Located about an hour west of our present convention site and in downtown Harrisburg, the Hilton has both August 19-22 and August 26-29 available to us. The room rate is \$119.00 per night plus tax on the first set of dates and \$109.00 plus tax on the second set of dates; the tax would be 11% per night. They have all the meeting space available to us that we need based on our present agenda without any alterations to it on either date. Meeting space rental charges are \$2,500 plus 6% tax for the event but I feel that can be negotiated downward. The Hilton and the Doubletree are comparable for meal prices. The Hilton can safely accommodate buffets. Typically, the Hilton charges all guests \$10.00 per day to park but for overnight guests they are waiving that charge in their parking garage. Day guests (those not opting to stay at the Hilton) will pay \$5.00 per day for validated parking and if guests opt to use valet parking, that charge is still \$22.00. Audio-Visual costs here are comparable to the Doubletree Reading. Although it was a small event, the Hilton Harrisburg did a great job for us with the Virtual Key Club District Convention. Moving to Harrisburg would all but preclude our planning committee from being able to pursue local sponsorships and ads. Moving to Harrisburg would require alterations of activities planned for the convention. We might be pressed, too, to get enough workers for registration and credentials desks and other volunteer activities in Harrisburg.

2. **Doubletree Reading Hotel:** Located in downtown Reading and rated the best Doubletree Hotel for 5 consecutive years, the Doubletree has August 5-8, 2021 and August 26-29, 2021 available for our use. The sleeping room rate either date would be \$122.00 plus tax of 11%. On August 6-9, there would be enough meeting space

available to us to accommodate our agenda as presently laid out with minimal changes, if any at all; however, that only leaves us 12 weeks until convention. August 26-29 would require changes that would include increased break time between events to allow for room turn around and the tear down and set up of the Foundation baskets daily but that would give us 15 weeks until convention. Meeting room rental would be \$1,500 plus tax for the event. The Audio-Visual prices would be about the same as the Hilton and less than the Alloy. Meal prices are comparable to the Hilton Harrisburg and would include buffet options. Parking is free and in a covered parking deck. Staying in Reading would allow us to pursue most, if not all, of the activities planned for the convention. It would, also, allow the host committee to continue to pursue local sponsorships and ads.

3. **Alloy by Doubletree, King-of-Prussia:** This property is in a prime location very near the King of Prussia Mall and near the Valley Forge Casino and a Wegmans (you always must mention a Wegmans if nearby). The available date is August 11-15, 2021 so it would leave us about 13 weeks until convention. The sleeping room rate is \$119.00 plus 10% tax. With the inclusion of second floor meeting space, the program/agenda we presently have could be executed with little alteration. Meeting room rental could be \$2,500 to as much as \$7,000; I am seeking clarification and there may be some room for negotiation. Meal prices are the highest of the three properties and would include served options only. The food and beverage minimum is very high compared to the Doubletree but is likely negotiable downward; however, my estimate is we would not get it any lower than \$20,000 which is still higher than the Doubletree. Audio-Visual prices are the highest of the three properties. The Valley Forge Convention and Visitors Bureau has offered a very nice incentive which would have an approximate cash value to us of \$1,125.00. Parking is free in an open-air lot. Moving to Valley Forge will require the alteration of some planned convention activities. Since there are members of the planning committee from Region 7, sponsorship pursuit be possible but time would be very short. Local ads may be more of a possibility.

At this time, I am making no recommendations but that could change with information I am still seeking from the hotels and with the convention committee meeting on May 11th.

Governor Don asked me to pursue the possibility of doing a joint convention with the New Jersey District who is having their convention on August 26-29 at the Valley Forge Casino. Communication with the sales staff at the Valley Forge Casino has been challenging. On April 26th, I wrote them. They didn't respond until late in the day on April 30th. I got back to them late on the day May 3rd. To date, I have received no response. I tried calling today (May 10) but only got voice mail and no return call. We are running out of time here so we can't wait to see if they can or cannot accommodate us. Accordingly, I do not view this as an option.

However, the idea of a joint convention is a good one. Our next open date is 2024. Accordingly, it is my recommendation that you authorize Governor Don, Governor-elect Sarah

and myself to invite the New Jersey District to conduct a joint District Convention with us in 2024 at a location and date agreeable to both Districts. **This would require an approved motion by this board.**

I would be glad to answer any questions in advance of the meeting.

Respectfully submitted,

A handwritten signature in black ink that reads "Kevin E. Thomas". The signature is written in a cursive style with a large, stylized "K" and "T".

Kevin E. Thomas
Executive Director/Secretary/Treasurer

From: ketkiwanis@aol.com,

To: barbara.marie.byers@gmail.com, bharer@southhills.edu, donsmith1022@gmail.com, lillian.kiwanis@gmail.com, matthew.j.wise@outlook.com, mhaven62@yahoo.com, rmjanes1@hotmail.com, ryan@ryanhartman.org, sgt283@gmail.com, zuluets@gmail.com,

Cc: kellykin007@gmail.com, jroselvip@gmail.com,

Subject: District Convention

Date: Tue, Apr 20, 2021 7:23 pm

Board Members:

As I indicated, today we had a meeting with the staff, or what remains of it, of the Crown Plaza Hotel.

Bernadette Barrios was very accommodating and transparent so it was not a confrontational or unpleasant meeting.

A range of possibilities exist as it relates to the Crowne. It could accommodate our meeting or it could close or it could partially close. But even if it does not close, it will not be able to produce a meeting that our attendees would want or expect. There are a host of reasons for this but for brevity I will give you only the biggest three for now. First, lack of food service and the logistics of getting catering service into the facility. Second and even more importantly, they are down to a staff of 12 people and not all of them are full time. Beyond all that and as I have already said, the hotel's future is less than certain and it might be six weeks before any clarity is provided.

Because the Crowne has said that we are free to leave without penalty, the only responsible course to pursue is to find an alternative. At least two exist and I am hopeful we might find more; neither alternative we presently have is without problems and we still do not have written proposals from either. The alternatives right now are the Lancaster Wyndham; it's known problem is a high proposed room rate of \$179. And after a lot of back and forth, we apparently have the Reading Doubletree available to us but its known problem is that we would have move the convention date to the weekend of July 31st. We think that rate at the Wyndham is somewhat negotiable downward. The Reading Doubletree has no August dates.

We are hopeful, too, of the some alternatives coming out of the Valley Forge area. John McHale is working on this for us and I have reached out to some of my contacts there too. Regrettably, I have, also, learned that some of my contacts no longer are there and hotel sales staff have been decimated.

Board Members this message is intended to inform you of this situation as it now stands. Respectfully and for now, I would ask you refrain from sharing unless you deem it necessary.

Kelly and as you see fit, you may inform the convention committee.

I would invite Sarah to make any comments she deems appropriate and would be glad to answer any questions as I am able.

Kevin E. Thomas, District Executive Director
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Suggested Procedures to be followed for in person Pennsylvania Kiwanis and Service Leadership Events

On May 31st, the Commonwealth of Pennsylvania is lifting all Covid-19 restrictions except for masking; the mask wearing mandate will be dropped if and when 70% of Pennsylvanians are fully vaccinated. Board members are reminded that we have no liability insurance coverage for any claims related to Covid-19.

The District Executive Director is recommending the following procedures be followed for upcoming District convention.

1. All attendees shall wear a face covering or mask over their nose and mouth in all public spaces and in all meeting rooms at all times, if the Pennsylvania mask wearing mandate is still in place at the time of the convention. Failure to do so shall result in the attendee being asked to leave the event. The only exception shall be when an attendee is speaking at a podium with a microphone or eating/drinking. Should the mask mandate be dropped in Pennsylvania, mask wearing will still be strongly encouraged but not mandated. Masking will be optional at any outdoor events.
2. The District will work with the chosen hotel to ensure that hand sanitizer stations are available throughout all events and frequent reminders shall be made to utilize those stations.
3. No one will be permitted to attend an event without signing and submitting a Covid-19 Liability Waiver and agreeing to the procedures approved by the District board.
4. Daily temperature checks shall occur of all attendees. The checks shall occur when an attendee arrives at the event and at the start of each day's activities. Any attendee with a temperature of 100.5 degrees Fahrenheit or greater will not be permitted in any functions and will be asked to isolate and participate remotely until such time as their temperature drops below 100.5 degrees.
5. All meetings and functions shall be set in such a way as to allow for three-foot social distancing between seats.
6. District sponsored hospitality rooms will only be permitted if the Executive Director feels appropriate distancing is possible.
7. Large private gatherings in hotel rooms shall be strongly discouraged.
8. All attendees must be fully vaccinated against Covid-19 or have had a negative Covid test within 5 days of attending the convention. Fully vaccinated is defined as having had the second Pfizer, the second Moderna or the Johnson & Johnson shot 14 days prior to attending the convention.
9. A hybrid/remote option shall be offered for all general sessions/business sessions. Workshops and smaller meetings may or may not have hybrid options depending on financial feasibility and/or the need for participation.
10. The Governor, Executive Director, District Board Members and the Convention planning committee shall be responsible for enforcing these policies at all events.

Respectfully submitted,



Kevin E. Thomas
Executive Director/Secretary/Treasurer

PROPOSED DISTRICT BYLAW AMENDMENT

ARTICLE III, SECTION 2

PROPOSED BY: The Pennsylvania District Kiwanis International Board of Trustees

PURPOSE: To prorate District Dues for new new members on a monthly basis for new members

CURRENT READING: ARTICLE X, SECTION 6

A fee for each new member shall be paid to the district equal to the amount of prorated district dues based on when the member joins the club, as shown below. Clubs are exempt from paying the district new member fee for persons who are former members of a Service Leadership Program (SLP).

| | |
|-----------------------|---------|
| October and November: | \$35.00 |
| December and January: | \$30.00 |
| February and March: | \$25.00 |
| April and May: | \$20.00 |
| June and July: | \$15.00 |
| August and September: | \$10.00 |

PROPOSED CHANGES: ARTICLE X, SECTION 6

~~A fee for each new member shall be paid to the district equal to the amount of prorated district dues based on when the member joins the club, as shown below. Clubs are exempt from paying the district new member fee for persons who are former members of a Service Leadership Program (SLP).~~

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| June and July: | \$15.00 |
| August and September: | \$10.00 |

Prorated district dues shall be charged for each new member of a club on the same prorated schedule used by Kiwanis International.

FINAL READING IF APPROVED, ARTICLE X, SECTION 6:

Prorated district dues shall be charged for each new member of a club on the same prorated schedule used by Kiwanis International.

CLUBS NOT PAYING DUES

05/11/21

Division 5 – Pittsburgh

Division 10 – Johnstown

Division 21 – Hatboro-Horsham

Note: New Wilmington in Division 2 paid dues but they did not pay the full invoice so I/we will have work to get this cleared up.



Board of Directors
Kiwanis International NTL HDQ K23 PA District
Harrisburg, Pennsylvania

In planning and performing our audit of the consolidated financial statements of Kiwanis International NTL HDQ K23 PA District and Key Club International H23 PA District (collectively, the Organization) as of and for the year ended September 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- Reasonably possible - The chance of the future event or events occurring is more than remote, but less than likely.
- Probable - The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. We did identify the following deficiencies in internal control that we consider to be material weaknesses. However, given the limitations during our audit, additional material weaknesses may exist that have not been identified below.

Lack of Segregation of Duties

We noted a general lack of segregation of duties over accounting functions. The Executive Director performs most accounting functions. A reliable system of internal control necessitates an adequate segregation of duties so that no one individual handles a transaction from its inception to its conclusion without oversight. Although not unusual with an organization of your size, compensating controls can help mitigate the issue.

Internal controls are critical as a means to ensure complete and accurate financial reporting, as well as to provide a measure of safety against theft or fraud. Given these constraints, compensating controls can be achieved with active oversight from the Board of Directors. We have made some recommendations below that can help with this process. We strongly suggest you consider these recommendations.

Adjusting Journal Entries

Numerous adjusting journal entries were required for items like accounts payable, accounts receivable, prepaid expenses and deferred revenues. We recommend these be done monthly so that reports generated from QuickBooks and provided to the Board will be a more accurate representation of the Organization's activity.

The following items are other identified deficiencies in internal control that were not significant deficiencies or material weaknesses and are presented for your consideration as suggestions to improve internal controls:

Board Governance

We recommend that the Organization's bank accounts' credit card activity and payroll reports be monitored on a regular basis. We would recommend documented approval (i.e., signatures or emails) of the monthly bank statements, bank reconciliations and credit card statements and the semi-monthly payroll reports by a member of the Board. This would enhance controls and assist with the segregation of duties.

Invoice Approval

We recommend that the Organization institute a control that includes the documented review and approval of invoices. This would enhance controls over cash disbursements. The Board should also consider documenting their review and approval of the monthly transaction register they receive.

QuickBooks

During our audit, we noted that Excel spreadsheets were maintained for several programs including Key Leader and Circle K. We strongly recommend that QuickBooks be utilized to record the activity for any programs not currently being recorded in QuickBooks. These can be set up as separate departments or classes within the Organization's QuickBooks file. We noted that Key Leader activity was recorded in QuickBooks this year, but through the net asset account. This activity should be recorded in revenue and expense accounts and not the net asset account. We would be happy to assist with setting up the departments or classes for the programs.

We recommend that credit card activity be recorded in QuickBooks on a monthly basis. A liability should be recorded when the charge is incurred and payments should be posted against that liability. The balance should be reconciled monthly. We noted improvement with this process during the year in comparison to prior year.

We recommend that the Administrative Assistant be given more responsibilities in QuickBooks including basic data entry and bank reconciliations. This will provide cross-training and some segregation of duties. We understand that the COVID-19 pandemic impacted plans to implement this suggestion and recommend that, when operations return to normal, this transition occur.

This communication is intended solely for the information and use of management, the Board of Directors and others within the Organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Brown Schulte Steidman & Frite

Camp Hill, Pennsylvania
February 16, 2021

Audit/Internal Control Response

1. **Adjusting Journal Entries:** The adjusting journal entries are minimal and almost all occur as the result of one year ending and another beginning. These would include such things as deferred revenue, receivables, pre-paid expenses and payables. It would not be possible in my assessment to make those until after September 30th but will consult with Brown Schultz to see if there is something I am missing. We could do a better job of making inventory adjustments as they occur. Beyond that I am not sure what other adjusting entries BSSF references but will have that discussion with them.
2. **Board Governance:** The board receives a monthly report that contains a balance sheet, the bank reconciliation, transaction listing which contains all bills/expenses paid including the credit card payment & payroll payments and a budget report. It is the board's decision if they want to see the actual bank statements and credit card statement. That can be included in the report. As well, a copy of said statements could be sent to a designated board member for review. The same could be done for payroll statements. This is a board decision on necessity and then implementation. Previous boards have reviewed this and did not feel that was necessary.
3. **Invoice approval:** If the board feels this is necessary then it should designate a board member to receive and *approve the invoices or ask appropriate questions so they can be paid and this needs to be done with very minimal delay/turn around time.* That board member would, also, then be responsible to compare the invoices to the transaction statements when they are made available in the monthly report. Previous boards have discussed this point and took no action.
4. **Quickbooks:** I will enter into a discussion on this with BSSF. I have tried experimentation on a limited basis with Quickbooks to replicate some of these reports with little success. Attached are samples of two report forms that have not duplicated easily in a user-friendly format in Quickbooks. The credit card payable report was actually created for us by our previous accounting firm RKL.

As to the credit card not being entered monthly, I will have a discussion with RKL as I do not understand at all. Every month, as you should see with the transaction listing provided you, the credit card is paid and broken down to the appropriate expense items. Not a single month was missed. If we were carrying a balance, it might make some sense but we have not carried a balance for 18 months and not during the period BSSF audited; but even then, I am uncertain. As well, we, also, maintain monthly the attached credit card payable spreadsheet which was provided to BSSF and could be provided to the board if the board so wishes.

Respectfully submitted,



Kevin Thomas
Executive Director/Secretary/Treasurer