



**BIRD**

BILLINGS INDUSTRIAL REVITALIZATION DISTRICT

Dear Billings City Council and Staff,

We want to share an important update regarding BIRD's nonprofit status and our commitment to ensuring the organization's long-term sustainability. As many of you know, BIRD has always been dedicated to driving economic development, enhancing infrastructure, and fostering community engagement within our district.

In 2006, BIRD was originally classified as a 501(c)(6) trade association. However, after undergoing an IRS audit, it was determined that our organization should have been classified as a 501(c)(3) nonprofit from 2008. This reclassification became necessary once we began receiving funding from the City of Billings—our primary source of revenue—and significantly shifted our mission. After consulting with a tax accountant and reviewing our structure, we confirmed that transitioning to a 501(c)(3) is essential to align with our mission and ensure access to critical funding opportunities.

We are sharing the following outline to provide clarity and transparency on the steps we've taken, where we are in the process, and how we are maintaining alignment with our responsibilities under the Memorandum of Understanding (MOU) with the City.

#### Plan Outline: Addressing IRS Audit Findings and Transition to 501(c)(3) Status

##### I. Initial Audit and Response

- **Audit Notification:** Received notice of an IRS audit.
- **Document Gathering and Submission:** All requested documentation was compiled and submitted to the IRS.
- **Audit Outcome:**
  - Melissa Zimmerman, former Board Secretary, received the IRS's determination that the audit failed.
  - The entire board was formally notified on February 14th at board training.
  - On February 14th:
    - Melissa Zimmerman stepped down as Board Secretary after 3 years of service.
    - Lucy Aspinwall stepped down as Board Treasurer after 3 years of service.
  - On March 18th, Sam Westerman stepped down as Board President after 10 years of service, including 4 years as President and prior service as Treasurer and Vice President.

##### II. Action Plan Development

- **Initial Planning Meeting:** Convened immediately following the audit findings to assess next steps.
- **Tax Accountant Consultation:**
  - Met on March 14th to:
    - Confirm findings.
    - Determine next steps.
    - Address historical compliance issues.
- **City Staff Meeting:** Met with Wyeth Friday on March 19th at 9:00 a.m. to discuss implications and ensure alignment.





### III. Transition to 501(c)(3) Status

- Decision to Pursue 501(c)(3):
  - Due to time constraints and the inability to retain previous status.
  - Required for compliance with the MOU to manage TIF funds.
- Purpose:
  - Comply with IRS regulations.
  - Secure eligibility for funding opportunities.
  - Continue BIRD's mission effectively.
- Organizational Restructuring:
  - Filed new Articles of Incorporation.
  - Acquired a new business license and EIN.
  - Constructed new bylaws, mission statement, and vision to reflect the organization's evolving goals and compliance needs.
  - Submitted an expedited 501(c)(3) application, including a detailed explanation of:
    - Impact on operations.
    - Why BIRD does not currently hold the proper status.
    - The urgency of the change.

### IV. Communication and Transparency

- Ongoing City Staff Communication:
  - We have maintained ongoing, collaborative communication with Wyeth Friday, who has been informed at every key step.
  - We have also kept open and transparent lines of communication with Andy Ziller, Gina (City Attorney), Denise, and Chris Kukulski to ensure they are aware of developments and feel welcome to provide input or ask questions at any point in the process.
- City Council Appearance:
  - Scheduled for April 7th.
  - We are providing this update now to allow Council and staff approximately two weeks to review the information, ask questions, and engage with our board ahead of the meeting.
  - We will continue providing updates and return to City Council once the 501(c)(3) status is finalized to formally announce the change.
- Appreciation:
  - We deeply appreciate the City's support and the professionalism of City staff throughout this process.

This transition is not a reflection on the performance of our current staff. The issues stem from the original organizational structure, and we are now actively taking all necessary steps to correct them. Our staff continues to carry out the mission of BIRD with professionalism and commitment to the district.

We look forward to continued collaboration and are available for any questions or follow-up you may have.

Thank you for your ongoing partnership and support of BIRD and the greater EBURD community.  
Sincerely,

Keith Robinson – President, BIRD

*Keith Robinson*

Matthew McDonnell – Vice President, BIRD

*Matthew McDonnell*