

**MONTANA BUSINESS ENTERPRISE PROGRAM  
FOR THE BLIND AND VISUALLY IMPAIRED**

***ANNUAL REPORT***

**FISCAL YEAR 2004**

**Prepared by:**

**Montana Business Enterprises, Inc.  
Great Falls – Helena, Montana**

**November 2004**

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## 1. EXECUTIVE SUMMARY

This is the fiscal year 2004 Annual Report of the Montana Business Enterprise Program for the Blind and Visually Impaired (MBEP) and Montana Business Enterprises, Inc. (MBEI), which manages MBEP under a contract with Blind and Low Vision Services of the Montana Department of Public Health and Human Services. The report covers the period of October 1, 2003 through September 30, 2004.

The Montana Business Enterprise Program for the Blind and Visually Impaired (also commonly referred to as the "blind vendors program") is authorized by the Randolph-Sheppard Act of 1936, as amended, and the Montana Blind Vendors Act of 1981. Both statutes ensure that individuals who are legally blind receive a "priority" in the operation of vending facilities on Federal and State properties.

The Montana program consists of two basic components:

- **Operation of vending facilities** on federal, state and other properties in Montana by blind vendors licensed by DPHHS.
- **Administration of vending facilities on state properties** that are transferred to MBEP after being determined to be appropriate and necessary to the blind vendors program.

In fiscal year 2004, MBEP continued to experience rapid growth, along with both the benefits and problems that typically accompany such growth. Highlights for the year include:

- The number of **trained and licensed blind vendors** increased from

- five to eight, enabling the program to establish vending operations in four of the major communities around Montana, with Great Falls scheduled for route development in FY 2005. In addition, two new prospective vendors are in the early training process.
- Blind vendors now **directly operate 132 vending machines on 42 sites**, as compared with 30 machines on 11 sites in FY 2003, increases of 440 percent and 382 percent, respectively. Moreover, in early October 2004, blind vendors were awarded the Department of Military Affairs sites at Ft. Harrison and the Helena airport, which together have 59 vending machines, almost 50 percent of the program's current total. This is expected to have a major impact on vending sales revenue in FY 2005 and the years to come.
  - During FY 2004, the program generated \$184,496 in **total vending sales**, a seven-fold increase over fiscal year 2003. At the same time average sales per vending machine increased by 27 percent from approximately \$143 to \$182 per machine.
  - The number of **state vending sites administered by MBEP** increased from 52 to 68 during the year, and the number of vending machines on these sites from 196 to 287. Any state sites that are operated by non-blind vendors are subject to a monthly lease charge negotiated by the private vendor and MBEP. Income received from this source totaled \$15,724 in FY 2004, almost twice the year before.

For fiscal year 2005, **program objectives** include:

1. Develop **new vending sites** adequate to support up to 150 additional vending machines directly operated by blind vendors.
2. Increase total **vending sales** by at least 100 percent.

3. Recruit and train **four new vendors**.
4. Launch a new vending route in **Great Falls**.
5. Increase the number of **vending machine facilities on state properties** under MBEP management by 25 percent.
6. Increase the amount of **unassigned set-aside income** received from federal properties to \$9,000.

## **2. ORGANIZATION AND PERSONNEL**

The **Montana Department of Public Health and Human Services** (DPHHS) has been designated as the “State Licensing Agency” (SLA) by the U.S. Department of Education for the purposes of operating Montana’s Business Enterprise Program. The **Blind and Low Vision Services** program of the **Disability Services Division** provides direct oversight of the program.

DPHHS has contracted with **Montana Business Enterprises, Inc.** (MBEI) to serve as its “nominee agency” for the purposes of administering the day-to-day operations of the program and providing business support to the blind vendors in the program. MBEI is a not-for-profit corporation that was established in 2000 to provide administrative, management and business support to licensed vending facility operators.

A **Vending Operators Committee**, mandated by both Federal and State statutes, was established in FY 2003 and has already begun participating in major policy, administrative, operations and program development decisions affecting the overall direction of the blind vendors program. This committee consists of licensed blind vendors who are employed in the program.

**BOARD OF DIRECTORS**

<i>MEMBER</i>	<i>CATEGORY</i>	<i>TERM ENDS</i>
Dan Burke, Chair*	Professional	9/30/05
John Collins, Vice Chair	DPHHS	9/30/06
Jerry Hutch*	Montana Assn. for the Blind	9/30/05
Donna Harris*	Vending Ops. Committee	9/30/06
Evelyn Pool*	Vending Ops. Committee	9/30/05
Sam Hubbard	President	9/30/05
Vacant*	Vending Ops. Comm.	--

\*Blind or visually impaired member

**CORPORATE OFFICERS**

<i>NAME</i>	<i>POSITION</i>	<i>TERM</i>
Samuel T. Hubbard	President and CEO	9/30/05
Vacant	Secretary	--
Edward C. (Ted) Robbins	Treasurer	9/30/05

**VENDING OPERATORS COMMITTEE**

<i>NAME</i>	<i>POSITION</i>	<i>TERM</i>
Evelyn Pool	Chair	9/30/05
Doug Somers	--	9/30/06
Donna Harris	--	9/30/05

## LICENSED VENDING FACILITY OPERATORS

<b><i>Route Operators</i></b>	Dale Davis, Missoula – Vending Route #1 <sup>1</sup>
	Barbara Barnard, Missoula – Vending Route #1
	Deborah Buckels, Missoula – Vending Route #1-A
	Donna Harris, East Helena – Vending Route #2
	Mark Baily, Helena – Vending Route #2
	Evelyn Pool, Columbia Falls – Vending Route #3
	Doug Somers, Billings – Vending Route #4
<b><i>Awaiting Placement</i></b>	Sharon Larson, Shawmut
	Harold Leigland, Great Falls

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<sup>1</sup> Dale Davis left the program in August 2004. He was replaced by Barbara Barnard.



### **3. MISSION, VISION AND GUIDING PRINCIPLES**

#### **MISSION**

To provide blind and visually impaired persons in Montana with abundant opportunities for stable, remunerative employment, enlarged economic opportunities, and increased self-support.

#### **VISION**

A significant decrease in the unemployment and dependency rates of blind and visually impaired people in Montana.

#### **GUIDING PRINCIPLES**

- ***INTEGRITY, ETHICS AND PROFESSIONALISM*** -- Support a culture of integrity, ethical conduct, and consummate professionalism.
- ***CUSTOMER SERVICE AND SATISFACTION*** -- Maintain a strong customer focus that is responsive to customer needs and encourages two-way communication.
- ***FINANCIAL STRENGTH AND STABILITY*** – Always strive for a strong financial position to ensure long-term stability and financial solvency.
- ***PERFORMANCE-DRIVEN AND TEAM-BASED ORGANIZATIONAL CULTURE*** -- Foster a performance-driven organizational culture that is based on professionalism and teamwork and is highly conducive to the vocational growth of our employees.
- ***EFFECTIVE COMMUNICATIONS*** -- Foster an environment conducive to effective and clear communication both inside and outside the organization.

## 4. PERFORMANCE DATA

<i>KEY RESULT AREAS</i>	<i>FY 2003</i>	<i>FY 2004</i>	<i>FY 2005 OBJECTIVES</i>
New blind vendors trained	4	4	4
New blind vendors licensed	4	4	4
Licensed blind vendors placed	3	3	6
Other visually disabled persons employed	1	1	1
Vending routes operated by blind vendors	3	4	5
Vending sites operated by blind vendors	23	42	72
Vending machines at MBEI sites	83	132	349
Vending sales income	\$26,314	\$184,496	\$368,992
Federal vending facility permits received	3	9	8 <sup>2</sup>
Vending sites on Federal properties operated by blind vendors <sup>3</sup>	3	12	20
Federal unassigned set-aside income	\$6,818	\$3,205	\$9,000
State vending facility sites administered by MBEI	52	68	85
Vending machines on MBEI-administered sites	196	287	357
Vending sites on State properties operated by blind vendors	11	21	33
Lease income from State properties	\$9,552	\$15,725	\$36,000

<sup>2</sup> Includes 7 U.S. Post Office sites.

<sup>3</sup> A Federal operating permit can cover more than one vending site.

## 5. FINANCIAL DATA

### VENDING OPERATIONS -- INCOME STATEMENT

Gross Sales	\$184,496	100%
Less: Cost of Goods Sold	(\$136,895)	74%
Less: Commissions Paid	(\$6,966)	4%
Gross Profit	\$40,635	22%
Less: Other Operating Expenses	\$35,854	19%
<b>Operating Profit/(Loss)</b>	<b>\$4,781</b>	<b>3%</b>
Vending Machine & Other Income	\$18,930	--
<b>Total Income</b>	<b>\$208,207</b>	<b>100%</b>
<b>Net Proceeds</b>	<b>\$23,711</b>	<b>11%</b>

### VENDING OPERATIONS – ALL FUNDING SOURCES

Vending Sales	\$184,496
Vending Machine Income (unassigned set-aside funds)	\$3,205
Other Income	\$0
State Lease Payments	\$15,725
State and Federal Funds	\$184,744
<b>Total Funds</b>	<b>\$388,170</b>

## 6. FINANCIAL STATEMENTS

### BALANCE SHEET

ACCOUNTS	SEPT. 30, 2003	SEPT. 30, 2004
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Bank Accounts	\$5,194	\$1,427
<i>Total Cash and Bank Accounts</i>	\$5,194	\$1,427
<b>Total Current Assets</b>	<b>\$5,194</b>	<b>\$1,427</b>
<b>Fixed Assets</b>		
<i>Total Fixed Assets</i>	\$77,313	\$155,721
<b>Total Fixed Assets</b>	<b>\$77,313</b>	<b>\$155,721</b>
<b>Total Assets</b>	<b>\$82,507</b>	<b>\$157,148</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable	\$0.00	\$22,254
<i>Total Accounts Payable</i>	\$0.00	\$22,254
Credit Cards	\$2,941	\$5,213
<i>Total Credit Cards</i>	\$2,941	\$2,941
Other Current Liabilities		
Payroll Liabilities	\$2,850	\$2,313
<i>Total Payroll Liabilities</i>	\$2,850	\$2,313
<i>Total Other Current Liabilities</i>	\$2,850	\$2,313
<b>Total Current Liabilities</b>	<b>\$5,791</b>	<b>\$29,779</b>
Long Term Liabilities		
MAB Equipment Loan	\$10,875	\$8,675
Valley Bank Equipment/Vehicle Loans	\$0.00	\$50,635
Valley Bank Vehicle Loan	\$0.00	\$13,651
<i>Total Long Term Liabilities</i>	\$10,875	\$72,962
<b>Total Liabilities</b>	<b>\$16,666</b>	<b>\$102,740.72</b>
<b>Equity</b>		
Retained Earnings	\$11,950	\$62,565
Net Income	\$53,891	-\$8,158
<b>Total Equity</b>	<b>\$65,840</b>	<b>\$54,407</b>
<b>Total Liabilities and Equity</b>	<b>\$82,507</b>	<b>\$157,148</b>

**PROFIT AND LOSS STATEMENT**

<i>CATEGORY</i>	<i>FY 2003</i>	<i>FY 2004</i>
<b>Ordinary Income/Expense</b>		
<b><i>Income</i></b>		
Contributions	\$1,855	\$394
Grants & Contracts	\$156,460	\$184,744
Lease Income	\$8,343	\$15,725
Service & Maintenance	\$2,572	\$1,985
Federal Set-aside Income	\$6,818	\$3,205
Vending Sales	\$26,314	\$184,496
<b><i>Total Income</i></b>	<b>\$202,361</b>	<b>\$385,649</b>
<b>Cost of Goods Sold</b>	<b>-\$23,399</b>	<b>-\$136,895</b>
<b>Commissions Paid</b>		<b>-\$6,966</b>
<b>Gross Profit</b>	<b>\$178,962</b>	<b>\$241,788</b>
<b><i>Expenses</i></b>		
<b>Auto</b>		
Fuel		\$1,712
License		\$61
Service		\$392
<i>Total Auto Expenses</i>		<b>\$2,165</b>
<b>Banking</b>		
Service Charges	\$54	\$219
Loan Fees		\$112
Loan Interest		\$1,778
<i>Total Banking Expenses</i>		<b>\$2,109</b>
Board of Directors	\$927	\$715
Dues and Subscriptions	\$305	\$350
Corporation Filing Fees	\$15	\$15
<b>Insurance</b>		
Auto	\$1,029	\$4,802
Liability	\$326	\$1,031
Disability	\$430	\$1,714
Vending Machines		\$150
<i>Total Insurance</i>	<b>\$1,785</b>	<b>\$7,697</b>
<b>Interest Expense</b>		
Late Fees		\$116
<i>Total Interest Expense</i>		<b>\$116</b>
Licenses and Permits		\$35
<b>Vending Machines</b>		
Freight		\$2,117
Installation		\$220
<i>Total Vending Machines</i>		<b>\$2,337</b>

Payroll Expenses		
Company	\$3,667	\$14,230
Reimbursement	\$3,208	\$3,023
Salary	\$38,124	\$143,684
Other	\$5,542	\$25,004
<i>Total Payroll Expenses</i>	<u>\$50,540</u>	<u>\$186,340</u>
Petty Cash	\$300	\$200
Postage and Shipping	\$282	\$585
Professional Fees		
Accounting Services	\$6,500	\$3,500
Management Services	\$49,318	\$3,500
Legal Fees	\$0	\$1,468
<i>Total Professional Fees</i>	<u>\$55,818</u>	<u>\$8,468</u>
Public Education		
Freight	\$314	
Website	\$640	\$1,200
<i>Total Public Education</i>	<u>\$954</u>	<u>\$1,200</u>
Rent		
Equipment	\$10	\$0.00
Storage	\$173	\$10,259
<i>Total Rent</i>	<u>\$183</u>	<u>\$10,259</u>
Repairs		
Buildings		\$283
Equipment	\$347	\$601
<i>Total Repairs</i>	<u>\$347</u>	<u>\$884</u>
Supplies	\$838	\$2,279
Telephone	\$1,717	\$4,448
Travel & Entertainment		
Administration		\$14,591
Operations		\$10,393
Other Travel		\$131
<i>Total Travel &amp; Entertainment</i>	<u>\$11,007</u>	<u>\$26,227</u>
Utilities		\$104
Vendor Training		\$168
<b>Total Expense</b>	<u><u>\$125,072</u></u>	<u><u>\$256,911</u></u>
<b>Net Ordinary Income</b>	<u>\$53,890</u>	<u>-\$8,158</u>
<b>Net Income</b>	<u><u>\$53,890</u></u>	<u><u>-\$8,158</u></u>

## **7. Vending Routes and Sites**

### **Vending Route #1 – Missoula Area**

**State Properties** – None

#### **Federal Properties**

- **Rocky Mountain National Laboratories**, Hamilton – 6 Vending Machines
- **Montana Technology Development Center**, U.S. Forest Service, Missoula – 5 Vending Machines
- **Lolo National Forest**, Missoula – 3 Vending Machines
- **Rocky Mountain Research Station**, U.S. Forest Service – 2 Vending Machines
- **Technology Development Center**, U.S. Forest Service – 5 Vending Machine
- **Federal Building/Post Office**, Missoula – 5 Vending Machines/1 snack bar
- **Russell Smith Federal Courthouse**, Missoula – 2 Vending Machines

#### **Other Properties**

- **Opportunity Resources**, Missoula – 1 Vending Machine
- **Opportunity Resources**, Wood Products Division, Missoula – 1 Vending Machine
- **First Interstate Bank**, Missoula – 2 Vending Machines
- **Pepsi Cola Bottling Co.**, Missoula – 1 Vending Machine
- **Clawson Manufacturing**, Missoula – 1 Vending Machine

### **VENDING ROUTE #2 – HELENA AREA**

#### **State Properties**

- **DPHHS Headquarters Building**, Helena – 3 Vending Machines
- **Cogswell Building**, Helena – 6 Vending Machines

- **Montana Historical Society and Museum**, Helena – 3 Vending Machines
- **Department of Corrections Headquarters Building**, Helena – 3 Vending Machines
- **Mitchell Building**, Helena – 9 Vending Machines
- **Justice Building**, Helena – 4 Vending Machines
- **Old Livestock Building**, Helena – 1 Vending Machine
- **Fish, Wildlife & Parks Headquarters Building**, Helena – 2 Vending Machines
- **DPHHS Office Building**, 3075 N. Montana, Helena – 4 Vending Machines
- **Montana State Prison**, Deer Lodge – 6 Vending Machines
- **Title & Registration Bureau**, Deer Lodge – 3 Vending Machines
- **Montana State Hospital**, Warm Springs – 10 Vending Machines
- **WATCH Program**, Warm Springs – 8 Vending Machines

#### **Federal Properties**

- **Baucus Federal Building**, Helena – 3 Vending Machines
- **Hatfield Federal Court House**, Helena – 1 Vending Machine

#### **Other Properties**

- **Federal Express**, Helena – 2 Vending Machines

### **VENDING ROUTE #3 – KALISPELL AREA**

#### **State Properties**

- **DPHHS Office Building**, Kalispell – 3 Vending Machines
- **Montana Veterans Home**, Columbia Falls – 2 Vending Machines
- **Fish, Wildlife & Parks Regional Office**, Kalispell – 2 Vending Machines
- **Job Service Center**, Kalispell – 2 Vending Machines



- **Montana Department of Transportation Regional Office**, Kalispell – 2 Vending Machines

#### **Federal Properties**

- **Flathead National Forest** – 3 Vending Machines
- **Glacier National Park Headquarters**, West Glacier – 4 Vending Machines

#### **Other Properties**

- **North Valley Agriculture**, Kalispell – 1 Vending Machine

### **VENDING ROUTE #4 – BILLINGS AREA**

#### **State Properties**

- **DPHHS Office Building**, Billings – 4 Vending Machines
- **Department of Justice**, Billings – 2 Vending Machines
- **Adult Probation & Parole**, Billings – 3 Vending Machines

#### **Federal Properties**

- **Jameson Federal Building**, Billings – 5 Vending Machines
- **Battin Federal Building**, Billings – 5 Vending Machines

**Other Properties** – None