

## SAFE Telecon Agenda May 12, 2010



I. Call to Order – Chair 745 PM Central.

II. Roll Call.

Doug Stewart, Chair Absent, Proxy to Mark	Alan Davis	Donna Wilt
Pat Knight, Secretary	Arlynn McMahon,	Larry Bothe, Treasurer
Mark Adams, Vice Chair	John Dorcey	Tom Benenson

III. Minutes of the last telephone conference have been emailed to board members. One correction will be made  
Telecon start time changed to 730 PM Central.  
Move to accept minutes: John; Second: Tom.

IV. Treasurer's Report – Larry.

As of Saturday, 5/8, we had \$25,640 in our checking account, up from \$22,134 at the end of March. The only outstanding check is Virtual Accounting Service's monthly charges of \$1177. All bills are paid. During April we had \$7983 in income, mostly membership sales (a lot of it was renewals). We didn't sell much merchandise at SnF. We had \$5545 in expenses (website/bookkeeping \$1621) and the rest SnF. If it were not for Doug securing sponsorships we would go down the tubes on trade shows!

A CPA here in Seymour who is familiar with not-for-profit accounting is filing our request for extension on our federal tax return. It's due 5/15, and automatically gets us 6 more months. This is third time I have gotten help from this guy, and so far there is still no charge.

Question: Why are we not selling merchandise (shirts, caps, patches) through the website store? I asked Jenny that question and she said she is ready to go; just awaiting being told the selling prices. We know the selling prices (we sell the stuff at trade shows). If we need to know shipping costs, Tom can tell us what is typical. If getting this started needs some sort of coordinator to get it going, then I volunteer.

If an item was on the agenda for last month but didn't get acted upon, is it new business or old business? No matter, but I would like to move forward with the official transfer of SAFE bookkeeping to Virtual Accounting Services. (Right now we're in an extended trial period.) To that end I had written a report in late-March (file attached) recommending that we make it "permanent". Those comments are still valid. Then a couple of you suggested that we should have a more formal agreement with Virtual Accounting Services, so a draft agreement was prepared (copy attached). It was intended that we would decide this at the April BoD meeting, but the full agenda didn't get covered. However, Mark Adams expressed some concerns about security. I responded to him with some clarifications about procedural issues, copy attached. Pat, please put this back on the agenda so we can hopefully get it approved this month.

In Rich's Committee Report last month he called for a BoD member to be appointed to spearhead an effort to automate/integrate the website membership application process with the database. I spoke to Doug about this, and with his blessing asked Rich for some specific direction as to what he thought needs to be accomplished. Rich replied, but I have been pretty busy doing checkrides and haven't given it a great deal of thought. However, with the bookkeeping (hopefully) being transferred to Jenny, I'm thinking I would have time to look into this in some detail next month after my busy checkride season is over. I don't think we have to reinvent the wheel here; rather, I think we need to find out how others are getting this sort of thing accomplished. If any of you know any larger association managers I could contact, or have any other thoughts on the matter, I'd sure like to know about them.

Larry moved that we ratify Jenny as our bookkeeper. Seconded by Arlynn. Motion passes. Motion passes.

New item: Activating the online store. Sell the items for the same price that we charge at the shows. Larry moves that we activate the online store. Alan seconded the motion. Motion passes.

V. Committee Reports – Rich Stowell. See attachment #1.

Rich has asked to be relieved as Committee Coordinator. Larry moved that we accept his resignation since the committees are moving along by themselves. Second by Tom. Motion passed. Board thanked Rich for his invaluable work. Per Alan, we still need materials for the library. Keep the items coming, and talk it up.

VI. Old Business.

- A. Insurance. Progress has been made and is close to completion. More information to come.
- B. Board of Directors election – Mark. Voting starts at noon on Saturday for 10 days.
- C. 501c3 – Mark. Lawyer has the materials for review. Waiting for a reply from him.
- D. AirVenture (July 26 – August 1, 2010) – Doug and John. In a holding pattern. Booth #421 just east of FAA Safety Center. Meal catered by Ripon, and is all set.
- E. Mentoring program – Donna. Some initial results have been compiled. Need to get more results from the younger instructors/teachers, but initial results are from the older, more experienced instructors.
- F. General Counsel – Mark. One resume was submitted on Mark Pierce. More information will be coming.

VII. New Business.

- A. Alan brought up an earlier email for a newsletter provided by a volunteer. Board members discussed their impressions. Alan asked that information and opinions be forwarded to Alan. No further action by Board except by email.
- B. Discussion was conducted on maintaining an inventory count of our shirts, hats, etc.
- C. Mark asked what the Board thinks about having someone with particular expertise to host a forum. Sounds like a good idea and can be tied into our other efforts without too much trouble. One forum that would be useful is something like “Ask a DPE”. Mark has a volunteer for a forum on aerodynamics.
- D. Mark asked the Board to come up with ideas on how we can attract and serve other educators.
- E. Women in Aviation scholarship is all taken care of, that it is arranged for next year.

VIII. Board meeting schedule: 2<sup>nd</sup> Wednesday of each month at 7 PM Central Time.

June 9, 2010
July 14, 2010
August 11, 2010
September 8, 2010

October 13, 2010
November 10, 2010
December 8, 2010

IX. Adjournment Motion to adjourn? Larry Second? ALan Adjournment at 920 PM Central.

SAFE Board of Directors		
Tom Benenson <a href="mailto:TBenenson@aol.com">TBenenson@aol.com</a> Term: 2 years	Larry Bothe, Treasurer <a href="mailto:lbothe@comcast.net">lbothe@comcast.net</a> Term: 1 year	Doug Stewart, Chair <a href="mailto:Doug@DSFlight.com">Doug@DSFlight.com</a> Term: 3 years
Alan Davis <a href="mailto:ADavis@IASAir.com">ADavis@IASAir.com</a> Term: 3 years	John Dorcey <a href="mailto:wipilot@new.rr.com">wipilot@new.rr.com</a> Term: 2 years	Mark Adams, Vice Chair <a href="mailto:adamsmark@earthlink.net">adamsmark@earthlink.net</a> Term: 1 year
Arlynn McMahan <a href="mailto:arlynn@aerotech.net">arlynn@aerotech.net</a> Term: 3 years	Donna Wilt <a href="mailto:dfwilt@aol.com">dfwilt@aol.com</a> Term: 2 years	Pat Knight, Secretary <a href="mailto:pknight@earthlink.net">pknight@earthlink.net</a> Term: 1 year

SAFE Board Mailing list: [TBenenson@aol.com](mailto:TBenenson@aol.com); [lbothe@comcast.net](mailto:lbothe@comcast.net); [Doug@DSFlight.com](mailto:Doug@DSFlight.com) ; [ADavis@IASAir.com](mailto:ADavis@IASAir.com); [WIPilot@new.rr.com](mailto:WIPilot@new.rr.com); [adamsmark@earthlink.net](mailto:adamsmark@earthlink.net); [arlynn@aerotech.net](mailto:arlynn@aerotech.net); [dfwilt@aol.com](mailto:dfwilt@aol.com); [pknight@earthlink.net](mailto:pknight@earthlink.net); [Rich@RichStowell.com](mailto:Rich@RichStowell.com)



Attachment #1: Committee report

-----SAFE Committees Report, 12 May 2010-----

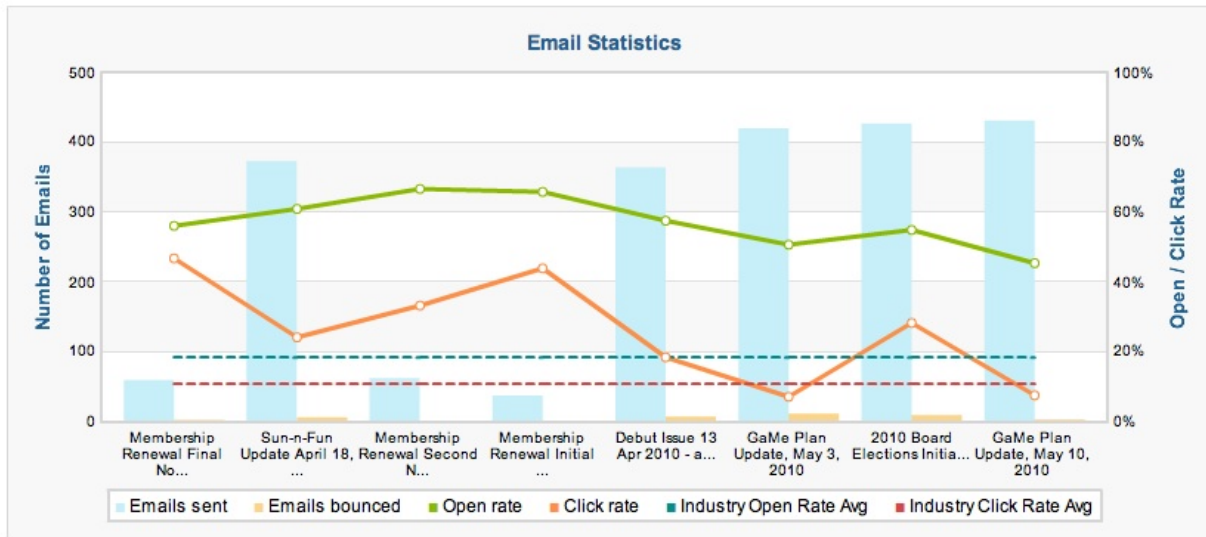
Submitted by Rich Stowell, Committee Coordinator

### 1. Constant Contact

- SAFE has been issuing communiqués using Constant Contact for one month now. The communiqués have consisted of SAFE eNewsletters, GaMe Plan Updates, letters to members, and membership renewal notices. SAFE's Constant Contact email database has fluctuated, but currently stands at 435 active email addresses.
- We have sent a total of 2,176 emails in the first month of use. Following is a table that compares the key stats for SAFE against the average of all other associations and non-profits that are using Constant Contact:

<u>Overall</u>	<u>Associations/Non-Profits</u>	<u>SAFE Members</u>
Open Rate	18–20%	54%
Bounce Rate	6%	2%
Click-Through Rate	11–12%	20%

- We only had two new email addresses bounce on the most recent GaMe Plan Update out of 431 emails sent, so we have definitely improved the quality of information in our database.
- Though it looks like the SAFE membership is well above average compared to comparable organizations in terms of participation, this probably should not come as a surprise since our current members are still, by and large, the most actively engaged individuals from the organization's founding. In that context, it's hard to tell if our metrics really are good (though I suspect they are), or are normal given our small-yet-committed numbers, or are just so-so. Time will give us a better measure of where we fall on this.
- For another perspective, following is a graphical presentation of membership activity for the most recent communiqués vs. what Constant Contact labels "industry averages" (shown as the horizontal, dotted lines):



As of 11 May 2010

## 2. Committees Coordinator

As in my previous report, I once again ask the Board to be relieved of duties associated with Committees Coordinator. Most of the committees are essentially self-sustaining as well as self-reporting at this point. My expanding duties with the SAFE website, editor of Constant Contact communiqués (until a real editor can be found), handling membership renewal notices, and now working to keep Facebook somewhat fresh and current are consuming all my available SAFE time. I recommend trying to go without a coordinator and instead rely on individual committees to communicate to the Board on an as-needed basis.

Respectfully,

Rich Stowell

Attachment #2: 3 documents from Larry Bothe.

## SAFE Bookkeeping

By Larry Bothe, 3/28/2010

During our March 10<sup>th</sup> telecon we discussed having Jenny Furst (Virtual Accounting Services) do our bookkeeping for us. This was preceded by some e-mails from me basically saying that our bookkeeping needs were getting more complicated than my limited expertise could properly deal with, and Doug suggesting that having Jenny do the books might be a viable solution. This made a lot of sense since she was already managing the online store for us, and thus a lot of our dollar transactions were already available to her.

Jenny made a proposal to do our bookkeeping for \$250 per month. That sounded good to me and I suggested that we retain her services. Mark was concerned that just saying "bookkeeping services" was too vague, and suggested that Jenny make a formal proposal of just what those services would be, and we would consider it at our April meeting. I pointed out that we are at a crossroads in SAFE growth right now (online store, membership renewals), and a delay until April would perhaps cause a bookkeeping mess on my part because of me not knowing how to keep the various sales categories straight. I then suggested that in order to avoid the delay and the mess we approve 1-month trial period for Jenny to look at what we have and in turn tell us exactly what her services would entail. And this would of course give us a chance to sample her service and see if it meets our needs. The 1-month trial was approved.

A few days after the telecon I gathered up our accounting software, copies of our check register, recent bank statements, journal entry records, etc., (with some explanatory notes) and sent it all to Jenny. She immediately loaded up the software and looked to see where we were. After a few questions she made some entries to bring the books up-to-date, and she has been doing the books for us ever since (for about 2 weeks as of this writing). I am very well satisfied.

I asked Jenny just exactly what services she would provide (before sending the "books" to her), and she immediately replied (on 3/13) with the following list. The interpretations are mine. I have asked Jenny to confirm them.

- Accounts payable: For us that means posting of our expenses as they come in from credit card charges, bank and credit card clearing fees, checks written, etc. They of course have to be properly categorized so we can see where our money goes, and manage it properly from a BoD perspective. She will also prepare and submit our sales tax remittance forms for FL and WI after SnF and OSH.
- Accounts receivable: Keeping track of our income from various sources, again by category. This where I was having a problem, differentiating new memberships from renewals, and (soon) membership activity from online store sales of apparel. Jenny has devised a store report to keep track, and can reconcile it with our monthly bank statement of credit card sales deposits. She will also create and mail what few invoices we send out to people who owe us money. Once a corporation agrees to sponsor a portion of our activities, like Cessna, Lightspeed, Northwest, Sporty's, etc., we have to send them an invoice in order to get them to write the check. Jenny will do the invoicing and keep track of the payments.
- Bank/credit card reconciliation: Reconciling the monthly bank statement with the accounting software system. This includes the aforementioned keeping track of credit card sales and making sure that what the bank says we got in deposits agrees with our online sales records. I was really struggling with this.
- General ledger review: The general ledger is the categories into which we slot our various income and expense items. As we grow it is necessary to create additional GL accounts. Due to the way in which we receive credit card clearing charges from Merchant Services it is necessary to periodically make journal entries to move dollars from one account to another so our sales and expenses can be properly categorized from a management point of view. Other housekeeping entries become necessary to keep it all straight.
- Generating reports: For us reports includes the data for my monthly Treasurer's Report, the weekly store transaction report (feeds Brian for membership database maintenance, Tom for membership premium fulfillment, Doug for a sense of overall activity, Rich for membership drive/retention effectiveness, and me to monitor our income), a weekly cash account register report so I can see at a glance all the transactions that have taken place, and financial statements (Income Statement) when we ask for them, usually at mid-year and year-end. As we grow we will probably want/need additional reports, and Jenny will provide them as necessary.
- Budgeting: The software has a budgeting function, which we did not use for 2010 because of insufficient history. In the future however, we will use that function. Jenny will create a budget for us (based on what we tell her is anticipated activity), and then provide reports as to actual performance compared with the budget. This will be helpful for managing the association.

So, that is what we officially get for \$250 per month. What is not listed there, but extremely important to us, is the integration between the website (online store), membership (Brian and Tom) and the accounting system. As Webmaster and Bookkeeper, Jenny is in a unique position to properly coordinate the inflow and outflow of dollar and membership information to the SAFE people who need it.

Over the past 2 weeks Jenny has been extremely cooperative in getting this set up. She has provided solutions and reports to meet our immediate needs. We have agreed on how to transmit information (scan/e-mail, not FAX, and essentially no snail-mail), and it works well for us. As she has done with the website, she completes the required accounting tasks on a very timely basis. Based on all of the above, I ask that the Board affirm Virtual Accounting Services to continue to do our bookkeeping for \$250 per month. By the way, I don't see that we need a contract for this. She has offered to do the service, she's doing the service, it is a complete job, and she's an honorable person. That's good enough for me.

There are two more related issues that need to be addressed. The first is our federal tax return for 2009, IRS Form 990 for charitable organizations. It is due on May 15<sup>th</sup>. But since we do not yet have our 501.c.3 designation we intend to file for an extension, which will then make it due 11/15/2010. I originally thought that Jenny could perhaps file the return for us, and she did too at first blush. However, further investigation revealed that first time you file one of these things it is necessary to answer the questions in certain ways that makes it acceptable to the IRS that you are in fact within the charitable guidelines (sort of like the 501.c.3 application). This is best done by an accounting professional who has experience with charitable organizations. Jenny has one down in her neck of the woods, and I have one up here. Both agree that how you state things on the 990 is very critical to its acceptance by the IRS. For these reasons we are going to have to pay an outside accountant to do this filing for us. It's going to cost several hundred dollars when the time comes. Maybe after the first one Jenny can do it in the future; we'll see. And Jenny can probably do the simple task of filing for the extension before 5/15. I'll see to that.

The final piece of this pie is that in order for Jenny to do this job fully and correctly, she needs ongoing access to our bank account. PNC Bank, like most others, has online banking available. I set it up for myself several weeks ago. She would be able to see transactions (deposits from credit card settlements and charges to our account) as they occur, and be able to pay bills. She does this now for several of her clients. I discussed this with Doug, and while generally in favor of it, he suggested that I get more details, especially about controls, and bring it to the Board for formal approval. Here's what I learned: Jenny would be set up as a separate user account under my authority, so we can differentiate her activity from mine. She would have a limit on the size of a payment she can make, probably \$2000. Since all invoices come to me, she won't pay any invoices without my approval. And she won't make any payments for any other reason except at the direction of me or Doug. Finally, anytime she makes a payment, I'll receive an immediate notification, right away, that day, not at the end of the month. Note that there are not a lot of

**Virtual Accounting Services  
SERVICE AGREEMENT**

This Agreement is entered into and effective as of March 18, 2010, (the "Effective Date") by and between Virtual Accounting Services ("VAS") and Society of Aviation Flight Educators ("Client").

1. **Services.** VAS will provide Client bookkeeping and administrative services comprised of the following ("Services"):
  - a. **Bookkeeping** - Data file and Peachtree Accounting Software supplied by the client.
    - i. AP - Posting and categorizing all expenses incurred from all banking, credit card and merchant statements. Paying bills through the online banking of the website as needed.
    - ii. AR - Posting and categorizing all income incurred from banking, credit card and merchant statements and invoicing as needed. Mailing in deposits from membership applications.
    - iii. Banking - Monthly reconciliation of all banking credit card and merchant statements.
    - iv. General Ledger Review and Adjustments - Review books for misclassifications or improper balances. Create journal entries as needed.
    - v. Reporting - Generating reports as needed.
    - vi. Budgeting - Entering of pre-determined budgeted amounts into the books and providing reports as to the results.
    - vii. Sales Tax Reporting - Prepare and submit sales tax returns approx 4 times a year. This is on account that the time spent on each return is less than 20 minutes.
  - b. **Administrative** -
    - i. Library uploads (avg. 5/mo)
    - ii. Uploading/linking to Minutes of Meetings (avg. 1/mo)
    - iii. Exporting/formatting/e-mailing spreadsheet data from store orders (weekly)
    - iv. Converting memberships (avg. 9/mo)
    - v. Calendar events, blog/news posts, misc. non-technical website updates, etc.
    - vi. Uploading/linking Member Profiles (avg. 4/mo)
    - vii. Manually having to send member welcome letters (avg. 12/mo)
    - viii. Receiving/processing paper membership apps, entering data through the website (avg. 12/mo)
    - ix. Customer support for website and Store, assisting with lost passwords, log in issues, store issues, etc.
2. **Services Not Included.** The following are services are not included in this agreement.
  - a. Adding items to/modifying the store (\$40.50/hr)
  - b. Other web page design, forum, PCI security and other website maintenance (\$40.50/hr)
  - c. Project-oriented and other services of a technical nature (\$40.50/hr)
  - d. Monthly website hosting fee (\$19.99/mo)
  - e. Annual Security certificate fee (\$150/yr)

"check" type payments; have written only 34 checks in our entire of existence. With the above controls in place, I ask that Jenny given the limited account access. I will monitor her activity, assume my role as supervisor rather than bookkeeper.

questions?  
Comments? E-mail me [LBothe@comcast.net](mailto:LBothe@comcast.net), call me at 812-521-7400. Note that I will be of the country from through 4/25 (meaning miss the 4/21 telecon), Doug has my proxy on and other matters. I'll have sporadic e-mail access while I'm away, no economical phone service.

Thanks,  
Larry

3. **Client Obligations.** To enable and support Services, Client will provide the accounting data file and Peachtree accounting software; online logins to all banking, credit card and merchant sites to get activity, or provide paper statements as they come in.
4. **Fees.** Client shall pay to VAS the following: **Bookkeeping Services \$250 per month**, Start Date 3/18/10; Bookkeeping fees are figured for up to 6 hours of services; **Administrative Services, \$495.00 per month**, Start Date 4/1/10; Administrative fees are figured on a per task basis allocated in the above Services, this equals up to 12 hours of services. All fees are billed on the first of the month for that month of service. VAS reserves the right to suspend Services if fees are not timely paid.
5. **Confidentiality.** We acknowledge that during the engagement she will have access to and become acquainted with various records and financial information. We agree to not disclose any of the aforesaid, directly or indirectly, or use any of them in any manner, either during the term of this Agreement or at any time thereafter, except as required in the course of this engagement. Your privacy is held in the strictest confidence.
6. **Term and Termination.** This agreement can be terminated at any time with a written 30-day notice.
7. **Relationship.** VAS is retained and engaged by Client only for the purposes and to the extent set forth in this Agreement. VAS's relation to Client shall be that of an independent contractor. Neither VAS nor any of its employees, officers or agents shall be considered as having any partnership, joint venture or employee status with Client
8. **Tax Preparation & Reporting Services.** VAS does not provide tax preparation & reporting services other than what is included in the above mentioned Services.

We here at VAS are pleased to have you as a client and hope this will begin a long and pleasant association. Please date and sign a copy of this letter and return it to us to acknowledge your agreement with the terms of this engagement.

**Acknowledged:**

\_\_\_\_\_  
**Client**

\_\_\_\_\_  
**Date**





Hi Mark,

Sorry for the delay in getting back to you; I'm still trying to catch up with my life after having been away for 2-1/2 weeks.

Well, no you didn't read it wrong. It says what it says, which is for a fixed fee she willing to provide certain services. But the difference is just exactly which of those services we will actually utilize, how they will be utilized, and by what means and how often will her activities will be monitored.

First and foremost, the bank statements come to me, not to Jenny, and it will stay that way. Further, I have the checkbook and will continue to pay bills from here when a paper check is needed. I match the checks written and other expenditures (credit card charges; Doug and I have credit cards) and keep a running checkbook total. We use my address here as the business address, so all bills come to me for payment. Jenny will have bank access and be able to pay routine bills (approved by me) via online banking, limit \$1000 per transaction. She would also be able to make an advance payment if so directed by Doug, for example, a deposit to a caterer. The way the online banking is set up, whenever Jenny would make a payment transaction I get an immediate e-mail notification; no waiting for the next bank statement arrives. Yes, Jenny will be reconciling the bank statement with the Peachtree accounting system. It is necessary for her to do that because a bunch of bookkeeping entries are required relative to credit card receipts and clearing fees each time we get a statement. Jenny sends me a transaction report out of Peachtree that I use to update the check register, and tie it out to the bank statement each month.

So, there are lots of checks and limits in the system. To recap;

1. I have the SAFE checkbook here.
2. Bank statements come to me, not Jenny.
3. Invoices come to me, so I always know what is to be paid.
4. Jenny pays only bills that I (or Doug) have approved.
5. The bank sends me immediate notification whenever Jenny initiates a transaction.
6. I keep the SAFE check register up-to-date from transaction reports and reconciliation with the monthly bank statement.

I hope this explains how I intend to proceed and takes care of any concerns you might have. If you have any more questions, please let me know.

Thanks,  
Larry