

TEXINS ASSOCIATION
Board of Directors Meeting
January 10, 2002

Present (* Not Present):

Directors

Carl Skooglund
Kim Smith
Ron Tabor
Alesia Carroll
Jeff Asmus (*)
Mike Mignardi

Staff

Marcia Flowers
Monica Arnoult (*)

Other

Janet Solomon
Nicole Columbus (*)

Old Business

Texins Flying Club plan for a new financial accounting system

Bob Moran, Dick Sandlin and Robert Nordmeyer were present to discuss the TFC's plans on their new financial accounting system. A new system is needed due to an antiquated database (dBase III circa 1985), single entry accounting limitations and difficult to use. The club evaluated four COTS software packages and has decided on "MYOB Accounting Plus." They have also identified an accountant who is familiar with this software package. This accountant is needed to set up the books properly and then maintain the system. The plan is to have the new system set up and functional by March 2002, run both systems parallel until June, and then convert fully to the new system in July. The current club treasurer will be performing his regular duties until the cut-over to the accountant. The total implementation cost is \$5k. Bob Moran indicated he has stepped down as a TFC board member to dedicate himself full time to this accounting conversion.

Actions:

1. The Texins Association Clubs BOD approved the request. (Skooglund to communicate this to TFC).
2. (Skooglund) Indicate to TFC the need to have quarterly reviews on their progress.

Report on Transition of Control and Accounting

Carl indicated that they have completed all elements of handing Vazir's responsibilities to HFC. There was a lot of effort on this by both Carl and Marcia. The clubs are now starting to deal directly with Marcia's team. Marcia indicated that she needs to improve the filing system and may need to bring on a staff member to help out with this. There may likely be one-time charges as Marcia's team gets things set up.

November Financial Summary

Marcia presented the November 2001, balance sheet. In comparing each club's expenses and income, we asked Marcia to show a delta or difference column comparing the previous year's balance to the current year. The year-to-date net

income is (\$102k) – thus, a negative cash flow. The biggest concern for the Board is how we will manage continued negative cash flow – at some point, the monies will not be available. We need to spend more time scrutinizing the budget to ensure we maintain a balanced situation.

Texins Sailing Club Reciprocal Membership Proposal

The overall policy change is to enlist the reciprocal use of facilities and equipment between the two clubs: not to have reciprocal membership. The change in the club's bylaws have been presented and Carl is to show this to our attorney to ensure there is not a conflict with the TAC's bylaws. We also want to determine how this impacts our 501-c-4 status. One concern we had involved liability. What happens if a White Rock Sailing Club member gets hurt on one of our boats or if one of our club members gets hurt on their property – or if there is property damage. We need to check with our insurance regarding coverage for these types of scenarios.

Actions:

1. (Skooglund) Presentation of club bylaws to lawyers
2. (Skooglund) Insurance coverage

New Texins Board Member Recommendation

After discussion, we all agreed to invite Eric VanDuiwendyk to become a board member.

Action:

1. (Skooglund) Invite Eric to the board.

Monster Mash Bash and Eggstravaganza Financial Summary

Currently, the TAC provides \$5k to each event. The entry fees to each event generates about \$2-4k. HFC also accrues about 250 hrs. of volunteer time. HFC is funded by TI to put on these events and there is no profit made by any group. One suggestion we made was to determine if the participants should come free or at a reduced charge. We realize that some of the crowd control is maintained by some type of fee.

Texins Long-Term Income and Cash Flow Options

Overall, our negative cash flow has the potential to drain our resources in about a decade. The goal, obviously, is to generate more income or reduce expenses. We discussed three options:

1. Ensure all clubs are breaking even. Help them with marketing and accounting costs if necessary.
2. As a non-profit organization, can we take our money and invest it?
3. Determine if the Texans Credit Union Financial arm can help us.

Action:

1. (BOD) Begin discussions on a path we should take.

2. (Skoodlund) Determine feasibility on options 2 and 3.

Club Budgets

Some club have still not responded with regards to their forecasted budget. We agreed that Carl will send out a message to those specific clubs regarding this issue. We may decide to have these clubs lose their status as an approved club if they decide not to respond.

Club Mastercard and Truck

Marcia is going to cancel our credit card. We all agreed to sell the truck. Marcia is to check on the truck's paperwork and insurance. We may decide to sell the truck for personal bids from the clubs.

New Business

Club Social

We agreed the next club social would be in March.

1099 Taxes

Marcia raised the issue that a 1099 needs to be filed for any club member making >\$600 per year. There is some confusion regarding 1099s and our club status.

Action:

1. (Skooglund) Carl to check with our employment attorney on how taxes should be taken out.

The meeting started at 11:08am and adjourned at 1:04pm. Our next BOD meeting will be on Thursday 2/07/02.

Regards,
Mike Mignardi
Texins Association Clubs Board of Directors Secretary