



SEAWOLF ASSOCIATION

Office of the Treasurer



April 3, 1994

Mr. Tom Olby, President
SEAWOLF ASSOCIATION

Dear Tom:

When I returned from this last of my many trips out of the Sacramento area, I was surprised, puzzled and then downright angry at finding your letter/fax. Since reading it and I hope digesting the meaning of it, I would like to respond to each of what I consider the salient points.

First, it is obvious to me that you do not fully understand the workings of a small business. I am in the line of work that I am in to make a profit. Period. In order to do that, I must employ a clerical assistant to help me with the day to day office operations such as answering the telephone, filing, accounting, taking inventory, shipping and receiving, and performing a hundred or so other things that, if I had to do them for myself, would probably never get done. For providing these services, I must pay the person a wage or salary in compensation.

In order to better analyze the performance of employees and to effectively evaluate the costs of doing business, each task performed has a job code in the payroll program. While this may not seem important, I assure you that it is. Since the SEAWOLF ASSOCIATION is a not for profit 501. (c). (19). organization, any money that I spend out of my own pocket that is not reimbursed is a deductible expense on my own corporate or personal income tax returns. In addition, clerical support carries a worker's compensation rate that is lower than that for warehouse workers and if I require a person to work in the warehouse, I must account for those hours and pay the higher insurance rate. It is for these reasons that my all of my secretaries/assistants have been asked to separate the time spent on SEAWOLF activities from the rest of their hours. I have been doing this for the past 3 years since assuming the role as Treasurer. It should be noted that I was elected as Treasurer, not Secretary/Treasurer, but if being Association Secretary is a required adjunct duty, then so be it.

In the first 2 years, the time spent on SEAWOLF ASSOCIATION duties comprised less than 4% of the total time and as such was insignificant as it relates to the overall scheme of things. We had fewer than 500 active members, little inventory -- left over hats,

patches & T-shirts -- and no reunion pending. Since January of this year, 37.8% of my secretary's time has been spent dealing with SEAWOLF matters, a significant increase over the prior 2 years. This, of course, is due primarily to the influx of telephone inquiries, FAX inquires & registrations, dues and registration fees, inventory shipping and filing of the mountain of paperwork that is necessary to ensure that: 1) we have an organized and successful reunion; and 2) that we do not lose our tax exempt status.

In order to perform all of these fiduciary duties in a timely and efficient manner, I have had no choice but to use the assistance of my secretary. The primary purpose in delegating responsibility to her was to ensure that we have a successful reunion and that we have a smooth and orderly registration process. Having been through two registrations in prior years, I am confident that I have made the right decision, but only time will tell.

You stated that you were unaware that I was delegating so much responsibility to my secretary, yet on several occasions I have discussed that fact with you over the telephone, indicating not specific duties or responsibilities, but a rather general description of her assistance to the organization. Since I am on the road and out of the office for much of the time, how else would the necessary things get done, especially with the reunion so near? With regard to her pay, you are indeed correct -- she is expecting remuneration for her efforts. However, not from the SEAWOLF ASSOCIATION, but from me and I do exactly that. I pay her each week as I should.

In addition to the base salary that is paid, I as an employer am responsible for paying Social Security, Medicare, Worker's Compensation, Unemployment Insurance, and Disability Insurance. In California, this adds another 12% or more to the wages. And although I am willing to pay these additional costs, I cannot afford to absorb the entire salary which will amount to over \$750.00 by the time the reunion is over. In addition to the hours that my secretary has spent, I have invested over 175 hours this year to SEAWOLF ASSOCIATION matters. I am not complaining -- I volunteered for the job and will continue to gladly donate as much time as is required to do the job. But it is important to realize that it was for all of these reasons that I called and solicited your thoughts regarding reimbursing my company for all or some of the time spent on special matters such as the reunion or special mailings. My thinking was that if you responded favorably, I would bring it up at the business meeting in order to secure the approval or disapproval of the membership.

But it seems as though you have misinterpreted my intent. It is not that I am looking to "make money" from the SEAWOLF ASSOCIATION. On the contrary. I am doing what I think that I was elected to do -- save the organization as much as I can by wisely investing the funds, seeking out the best bargains and soliciting the donation of goods, services and money. I have purchased many office supplies, using my buying power to obtain the lowest price and passing those savings along to the organization. I have been reimbursed for UPS and Postal charges for expenses on my postage meter and UPS account and I have bought one case of copy paper -- 5,000 sheets -- to replenish some of the stock that I have used over the past 3 years. I have not asked for replacement laserjet

toner, copy machine toner, flow pak, labels or any number of other items that have come out of my supply locker. Nor will I ever.

In paragraph 3 of your letter, you address the issue of membership size versus volunteers and I agree with you. Since we are larger, there probably are more potential volunteers to do some of the work. But I submit to you that it is because of this increase in size that it becomes more important to accurately and efficiently track all of the transactions necessary.

In paragraph 5, you address your concern about my "stretching myself too thin" or "wearing too many hats". I assure you that if you can find reliable volunteer help from the local area to assist me in the administration of these tasks, I will be delighted to accept that help. But as long as I have the responsibility, I will perform my assigned tasks to the best of my ability using whatever resources that I have at my disposal. In our conversation, I pointed out that we have two viable options when it comes to mass mailings -- contract the work out which both you and Tom Thalman have done in the past, or to do it in-house, using volunteer or casual labor, which I have done quite successfully as well. If that means that next January when the membership dues bills need to be mailed I pay an additional \$100 to have it done professionally or hire a teenager or use my secretary, I will do so. The point is that the job will be done, done right and in a timely fashion. All of this presupposes that I remain on as Treasurer.

You also address the issue of a volunteer Quartermaster for the Association. In fact, you mentioned that Dan Higgins had volunteered. This is all well and good, provided that you have no significant inventory to administer. But to have another individual, located 120+ miles away from the center of accounting, trying to order, receive, ship, and provide accurate and timely information regarding inventory is pure folly. Not to mention the fact that Dan is a fireman for the California Department of Forestry and spends as much or more time away from the office than I do! The inventory represents a significant part of our assets and, as you and I have discussed often, requires constant attention as it relates to our overall financial picture, not to mention that the shipping of ordered merchandise to members should also be done as promptly as possible.

In the last paragraph, you make some observations that I feel are absolutely without merit or foundation. In the first place, we are not now paying, have never paid, nor will we ever pay anyone for doing volunteer work. That, by any definition I know of, is a conflict in terminology. Secondly, to suggest that we would be inundated with claims for hours spent for a variety of services rendered is equally ridiculous. As long as you, Con or I sign the checks, that would never be approved. To do so would be a serious breech of ethics and violate our fiduciary responsibility. Again I submit that you do not have a clear picture of what is involved in the administration of this or any other non-profit organization. I currently providing accounting services for two such organizations and have a fairly good idea of that which is right and proper and that which is not. At no time would I knowingly conduct myself, my business, or my volunteer activities in any manner that would be questionable or not withstand the highest scrutiny.

In the event that we are unable to resolve these issues, then I see no alternative but to submit my resignation, which I will do, effective upon concurrence of the board. I will surrender all records and moneys along with the reunion information collected to date. You will be on your own to provide custom computer programs and accounting software. Be prepared for an unbelievable amount of work that for the most part goes unacknowledged, misunderstood and unappreciated.

When I called, I was only asking for your thoughts about reimbursement for professional services provided over and above the day to day routine administration that would under other circumstances be contracted for outside of the organization. I will gladly continue to provide the kind of routine services at no cost to the organization, as I have in the past. Having read your response to the question, it appears that I have my answer.

Sincerely,

COPY

Daniel R. Calvert

copy to:

Con Jaburg
Don Thomson
Rich Lambert