

Agenda/Minutes

CBA Board Meeting
July 16, 2014
Teleconference

Board members

1. Herb Upham *
2. John McLellan *
3. Bob Jensen
4. Tom Owens *
5. Anton Standteiner *
6. Michael Wood*
7. Brad Young
8. Mike Mumford *
9. Jack da Silva *
10. Mark Kochan *

11. Paul Boulay *

12. Andrew Pellissier *

*Indicates present

Guests:

Kirk McNeil

Board members not attending:

Brad Young

Bob Jensen

AGENDA

1. Attendance – Herb Upham
 - a. Roll: Board Members (10) Guests (1)
2. Approval of Agenda – Herb Upham
Approved ...
3. Approval of Minutes – Herb Upham
 - a. Approved by e-mail 1/20/2014 and posted on calsmith.org web site
4. Treasurer's Report – Tom Owens

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Approved 7/30/2014 by e-mail.

Treasurer's Report 3-31-2014

1. This first quarter was very sluggish, not much happened. We had \$51,196.28 in revenue and \$28,871.85 in expenditures. Revenue was largely from dues and the last deposits from Conference. Overall Balance sheet shows we have \$140,739.95 in cash.
2. These numbers only reflect the revenues for Spring Conference. I have not received the total expenditure from Dave Vogel, although not for a lack of trying.
3. I have included my report on investments.
4. I have included my report on property disposition.

Thomas J. Owens

Treasurer

Action: Look over and vote A, B or C by e-mail to "All" by Aug 25, 2014 or alternative suggestion (document is in New Business) Choice C approved by e-mail vote.

Committee Reports:

1. Spring Conference – 2015
Kirk's budget ... attached at end of these minutes Western States requires CBA Membership to attend
2. Membership -
Currently CBA has 610 members 369 have NOT renewed
3. Promotions – Bob Jensen
No report
4. Magazine - Mike Mumford

11 July 2014

1. **General:** We're trying to move ahead a bit, get a file of pre-edited articles ready so that in case of unforeseen situations, we will have a file ready to draw on. We're approaching this slowly, doing one or two extra "banked" articles, starting with the July-August 2014 edition.

This will cause a small increase in costs to edit the extra material, which should drop off once we reach steady-state.

A couple of ideas have come up, which I will discuss at the meeting when all the data has come in:

1. Making a CBA calendar, to be mailed along with the May-June issue, as an early-renewal incentive.
 2. Making up a CBA picture CD featuring gallery and other images for each year.
-
1. **Status:** We're about to start work on the Sept-Oct issue. It's already over-full.

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Approved 7/30/2014 by e-mail.

1. Operations:

As always, I'm searching for more home-grown articles. (Every newsletter editor has this problem). Kindly help push people to create articles for us.

PLEASE: as always, do not assume that I hear about an event, class, or happening. I would much rather be told about something by many people than not know about it.

4. Statistics

Average number printed from May-June 2013 to Mar-Apr 2014 was 832. The average per-copy magazine expense was \$5.40 over that same period.

5. Article reprints

As of July 11, we have had 7 articles reprinted in 2014 in other newsletters.

6. Editor exchange

Nothing new here. If you are interested in seeing other organization's newsletters, let me know.

8. Magazine Content

8a. Instructor articles

Need to stay on top of this.

8b. My challenge to the board continues: help me find articles!

This doesn't mean you have to write: help me find writers/articles Please respond with a tip for "I thought everybody already knew this."

Do you know of a special demo, event, etc: let me know so that we can make arrangements to cover

Website – Lisa Guthrie

1. Website Classes are updated through October 2014 and currently being updated to the end of the year.
2. Board Documents are posted for April Board Meeting
3. The Magazine Password was changed effective 6/1/14
4. The Magazine Archive is uploaded through December 2013 issue.
5. Membership prices was changed effective 7/1/14
6. The Library resources are up to date for both books and dvds.
7. The homepage slide show has Toby Hickman's memorial showing now and will be updated with Spring Conference in the coming week.

New Issue:

The website was coded in Ruby on Rails by Stu Henry. The platform on which it is based is becoming obsolete and it will no longer be supported after June 2015. We have a few choices:

1. Transfer to a new platform and maintain the current website.
2. Create a new website on a platform which is more user friendly such as Square Space
3. Look at new platforms that will incorporate registration and other aspects of CBA's member needs.

We have known this time is coming and the website is becoming more difficult to maintain. We have a hard deadline of completing our change by June 2015 when the platform will no longer be supported.

I suggest the following plan of action.

By the October Meeting I will have estimates and recommendations for the Board for a new website using options 2 and 3 above. Tom Owens has looked into some options that meet his event registration needs and I will explore Square Space. I will also get together with Tom and also get an estimate from Stu Henry for a site using Square Space.

I do not have the time to create/design a new website. If anyone can recommend someone to interview in addition to Stu Henry, please let me know.

By the October, we will need to have firm alternatives for the Board so a decision can be made on the optimum alternative.

Respectfully Submitted,

Lisa

Lisa Guthrie

ACTION Proposal at O'fest

5. Library – Alan Drew

July 16, 2014 Board meeting

The library continues to see a reasonable amount of activity this year.

Since the beginning of this fiscal year, we have processed 7 requests for books and videos.

The postage for these requests amounted to \$39.71.

If library activity proceeds at this rate we can project an expenditure of around \$160.00 for postage during the 2014-15 fiscal year.

Given our \$500.00 library budget, the library should have \$340.00 to purchase new materials this year.

I think this is a good amount to work with- given that DVD's typically cost in the thirty dollar range.

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Approved 7/30/2014 by e-mail.

Blacksmithing books tend to run a bit higher, from \$35.00 to \$125.00.

Most of the requests for library material are for DVD's and VHS media these days.

That leads me to plan on purchasing more DVD media this year, rather than books.

The library list on the CBA website will be updated by this meeting to reflect last year's book and DVD purchases.

In summary, I think that we have a good rhythm going right now.

I've no doubt that we could increase usage by simply putting a post or two on the CBA facebook page.

But at this (current) rate of usage, we are not overspending on postage and I am going to the post office about once a week for CBA business.

More and more members are using and discovering this resource at a nice, sustainable rate.

Respectfully submitted,

Alan Drew

CBA Library

6. Grants - Daniel Dole Kirk McNeill

None

7. Education – Toni and Michael

Report for next magazine, in process

O'fest planning starting ... classes and proctors for open forge times

Michael is coordinating education for 2015 SC with Kirk and team

Peter workshop to be announced in next magazine ... Magazine should announce what he is planning and the dates of event.

ACTION Tom, provide inventory list for O'fest

8. Election Committee – John McLellan

ACTION: replacement by O'fest

9. Safety Committee - Georg O'Gorman, Jack da Silva

Jack da Silva report ...

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Approved 7/30/2014 by e-mail.

ACTION: Jack to create an incident report form for all events and an update for Safety Document

10. Policies and Procedures - John McLellan

No report

Old Business:

1. Investment proposal report:

July 10, 2014

INVESTMENT ANALYSIS

Greetings: Please find attached the three levels of investment for the CBA.

In (over) the last several (years) the CBA has accumulated revenue in order to safeguard our fiscal stability. This money is either sitting in an interest bearing savings account or is deposited in two certificates of deposits. Interest in the savings accounts has been as low as 0.02% but is now currently 0.08%. On the \$50,000.00 placed in our main savings account this equates to \$40.00 in interest on the year. Inflation is expected to be 2.1% in 2014 (source: usinflation.org/us-inflation-rate/, July 2014). This results in the CBA losing an effective value of 1.3% annually on our money. The CD's we have, one in the amount of \$15,150 and one in the amount of \$14,000. The interest rates for each of these are 0.05%. We are losing effectively 2.05% of the value of our money. At 0.05% we might as well remove them and put the money in our regular savings account.

My vision is to create a plan that will invest the money into programs that will beat the rate of inflation and at some point providing the CBA with incomes from our money that will perpetually fund our yearly grants and scholarships. With prudent planning this can be achieved in a few short years. Once this goal is accomplished we can work to reduce annual operating costs and keep membership and conference fees as low as possible. We need our money to work for us.

Three criteria are important for the CBA money:

1. Liquidity
2. Safety
3. Return

As with any investment, there is an inherent risk. The purpose of any investment is to manage risk to maximize return. The three programs below allow for that management yet will provide for higher return and are analyzed against our investment program as it stands today.

As of today the CBA's money investment program is rated as such:

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Approved 7/30/2014 by e-mail.

Liquidity = moderate. Savings accounts can be accessed freely but CD's can be penalized for early withdrawal. We have 3 month terms on the CD's.

Safety = very high.

Return = extremely low. We are losing value due to inflation.

The three proposals below provide for various levels of liquidity, safety and return. All proposals are exemplified by a sample \$100,000.00 investment. A summary of each follows:

Proposal A

Proposal A is a fixed income program. This investment is comprised of tax exempt and taxable bonds. A diversified investment over a period of one to 15 years generates a yearly income and at maturity, a full value return of the bond value. Bonds are purchased at a discount rate and grow to the mature value over the allotted time. Effective rate will be commensurate with inflation typically, roughly 2%.

Liquidity = extremely low

Safety = moderately high

Return = low

Proposal B

Proposal B is balanced toward growth. This program features a mix of high yield bonds and mutual funds. Risk of course is a little higher but because this will be diversified, there is less market fluctuations. Effective rate is averaging 2.8%.

Liquidity = moderately high

Safety = moderate

Return = moderate

Proposal C

Proposal C is a managed account. We state our risk tolerance and return goals and they manage the account. If the investments diverge from our stated goals they will reallocate to realign the funds to meet our goals. We will have fast access to our cash with just a phone call. Effective rate of return varies based on our goals. Could be as high as 4%-5%.

Liquidity = high

Safety = moderate

Return = moderate to high

Finally, when we talk about risk, risk and return go hand in hand. Risk in investments such as the ones I've investigated above does not mean that we would lose everything; it does mean that we could lose a percentage of our investment. Please keep that in mind when you consider these options.

2 Sculpture ... discussion

Sculpture/Property Disposition Report

On May 15th I attended a Tax seminary put on by the State Board of Equalization. Most all of the Taxing agencies were in attendance at this one day seminar. This event was primarily for Tax Exempt organizations and their CPA's, so it was advantageous that it was held shortly after our Board meeting.

On the question of property ownership: a tax-exempt 501.c.3 entity can own property, real and chattel. We will, although, be exposed to a counties business property tax, which a portion thereof is channeled to the State. There are exemptions to this tax but the determination of the exemption is controlled by the County Tax collector in the county where said property is held. We have dodged this tax on the little property we do own because it has never been declared (that I am aware of) and the property moves from county to county, as with a sculpture or tools.

Owning these sculptures is a result of educational workshops that have had great success with members. Workshops do not necessarily have to make money but if we get a sculpture out of it that can be sold the proceeds can be put towards, keeping membership fees reasonable, they could go towards keeping Conference fees down or be put towards more scholarships and grants. I believe that developing an art sales program with our sculptures could be beneficial for the CBA for years to come.

Before I discuss the disposition of property I would like to mention one other little fact: All items sold in the auctions we hold are subject to sales or use tax. We have not adhered to the rule in the past. This could become an issue at some time in the future or it may not. Please keep this in mind when reading further. This should also be kept in confidence amongst the Board.

As discussed in the last board meeting we have accumulated several sculptural pieces from workshops and conferences. The question is, how do we handle the ownership of these sculptures, how do we dispose of the sculpture and what do we do in the meantime?

The first recommendation is to do what we have always done, sell them at our auction during Spring Conference. This has worked fine in the past but several issues can be raised with this program.

1. The CBA doesn't get market value for the piece and even if it was sold through a commissioned storefront we still only receive a fraction of market value. This is a great deal for the members who buy the pieces.

2. These conference sales to members do not promote our state mission of educating the public. They are "kept in house" and there is not public awareness gained from the sale in house.

3. We are supposed to be charging sales tax on the piece when sold at auction, even to members. The next proposal is to rent the sculptures to various municipalities and communities. There are limited communities that do rent or lease artwork for display. The fees are very low and would more than likely only cover the cost of maintenance, and removal at the end of term. Then there is the matter of property tax, will the lease agreement discuss tax payment. This program will do well in an interim disposition. That is, if we had communities set up to take a piece when finished they could be held by said community to generate some public interest. The pros and cons of such a program is on the pro side we are getting notoriety for CBA throughout each community, we would be achieving our goal of educating the public and we would be getting a small fee in return. Some of the cons are that lease agreements have term limits. Eventually we would have to find something to do with it when we run out of communities. A specific agreement would need to be drawn up for each community. Fees may not cover our expense of transportation or maintenance. There is always the issue to the tax man for the personal property.

The third proposal bandied about was selling it through a gallery. This latter proposal solves many issues with the first two proposals. First, once galleries are partnered with we turn the sculptures over to them and do nothing more. The gallery will charge top dollar for the piece based on their market expertise. The handle all sales taxes, we don't have to worry about that. There is a public display of the piece and the artifact associated with the piece, sketches, templates, photos could be included with the piece to enhance its perceived value. We would need a gallery liaison to work with the galleries for the pieces when they are produced at a workshop or conference. Although this might be considered another job that someone would do then stop there are some benefits. A liaison would get to know places where art is sold and develop contacts. Although the CBA mission is to educate the public we must remember that many make a living at blacksmithing and many more would like to. By having a gallery exposure not only the piece would be sold but commissions might be developed for the membership which would be parsed out by the liaison. The CBA might only develop 3 to 4 pieces per years but with the right galleries, the exposure could be tremendous.

In conclusion, after the tax seminar and research I've done I would make a recommendation that the CBA locates communities that would be interested in displaying the art for no more than one year. After that we deliver the art to a gallery with a sales package and then wait for the check. If for some reason no sales are made, we then offer for sale to the general membership at the auction.

Thomas J. Owens,

ACTION: Proposal ... need gallery liaison ... 1 year community display, then take to a gallery for sale ... Tom working with Julie Henry currently (please contact Joe Koches) Need inventory and plan for items. More details at O'fest.

a. Oktoberfest 2014

2014 Oktoberfest Update: (Dennis D.)

Our demonstrators are Colby Brinkman and Haley Woodward. They will be demonstrating in the main area behind Fritz shop and between the two storage containers. Both are currently working together on a design for the project. They both have been in contact with Mike Munford on information and deadlines for magazine production. I have been in contact with Fritz about using the area between the containers for the workshop area. So far all is going as planned.

Jake James workshop:

Many hours of planning went in to what I think was the best workshop event I have ever done. I saw the skill set of all the participants' sky rocket. The workshop was exciting, challenging, and very educational for all who attended. Many photos and video were taken to document the process of the project.

The event more than paid for itself and CBA has a beautiful sculpture as icing on the cake.

Any question please call me 530-919-0573 Dennis Dusek

b. SC 2016 Ferndale

No report

New Business:

1. Cost of conferences ... SC at renewal time ... issues regarding affordability ... student defined to be member of Level one program ... suggestion for conference committee
Recommendation to leave the fee structure as-is
2. Optimize foreign demonstrators traveling around state ... N/S/E/W opportunities ...
Suggestion for education
3. Tom, SC Host "vista 2017" statement ... **2017 Conference site by board vote is still open ...**
4. Dave has not provided financial records for SC14 ... Dave has not provided Tom with records to reimburse expenses or close the books for event. **ACTION: Tom to communicate deadline to Dave for records, Sept. 1, 2014 is deadline for delivery!**
5. Calendar proposal by Mike Mumford to encourage early renewals ... **Motion carried**
6. Jack brought up issue of toxic fumes from all fuels ... example shop at Vista has smoke accumulation ... article opportunity for awareness for all ... some information is available on various web links ...

Correspondence:

None

Comments and questions:

Adjourned: 8:55 pm

First Quarter Profit/Loss

			Apr - Jun 14
Ordinary Income/Expense			
Income			
	4000 · Dues		17,561.00
	4100 · Conf income		
	4101 · Registration		24,839.79
	4103 · Iron in hat		1,097.00

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Approved 7/30/2014 by e-mail.

		4104 · Auction	6,847.00
		4105 · Refund	-945.00
		4106 · Merchandise Sales	165.00
		4110 · Misc conf revenue	350.00
		Total 4100 · Conf income	32,353.79
		4200 · Event income	
		4201 · Evt registration	1,271.00
		Total 4200 · Event income	1,271.00
		4299 · Bank interest	10.49
		Total Income	51,196.28
	Gross Profit		51,196.28
	Expense		
		6200 · Special Projects	2,577.19
		5000 · Magazine	
		5001 · Magazine office	5,248.00
		5003 · Magazine postage	450.82
		5004 · Printing	2,602.15
		5005 · Magazine Editor	2,586.62
		Total 5000 · Magazine	10,887.59
		5050 · Web Expenses	1,081.37
		5100 · Conf expense	
		5107 · Supplies	1,799.61
		5108 · Misc conf exp	694.40
		Total 5100 · Conf expense	2,494.01
		5200 · Event expense	
		5201 · Evt site/setup	722.00
		5202 · Evt demos	200.00
		5206 · Evt food	754.22
		5207 · Evt supplies	624.40
		Total 5200 · Event expense	2,300.62

		5400 · Scholarships and Grants	
		5405 · Grants	2,000.00
		Total 5400 · Scholarships and Grants	2,000.00
		6000 · Admin	
		6012 · Board meetings/travel	1,480.68
		6016 · Postage	1.40
		6018 · Officer Stipend	1,800.00
		6030 · Bank charges	121.35
		6040 · CC Discount Fees	508.26
		6050 · Lease, CC Machine	153.38
		6060 · Membership	105.00
		Total 6000 · Admin	4,170.07
		6100 · Ins	3,361.00
		Total Expense	28,871.85
		Net Ordinary Income	22,324.43
	Net Income		22,324.43

Balance Sheet 6/30/2014

			Jul 10, 14
ASSETS			
Current Assets			
Checking/Savings			
1000 · Checking			
1005 · Main Checking 2865		34,366.91	
1035 · Merchant Acct 8622		399.25	
1050 · Sect. Acct 6404		3,036.40	
Total 1000 · Checking		37,802.56	
1100 · Savings			
1151 · CD #2 savings		14,000.00	
1106 · Toomey Memorial		15,000.25	

		1115 · Bedayn Thomson	5,552.52
		1105 · Savings 0334	50,398.48
		1150 · CD #1 savings	15,965.34
		Total 1100 · Savings	100,916.59
		Total Checking/Savings	138,719.15
		Other Current Assets	
		1499 · Undeposited Funds	2,000.00
		Total Other Current Assets	2,000.00
		Total Current Assets	140,719.15
		TOTAL ASSETS	140,719.15
		LIABILITIES & EQUITY	
		Liabilities	
		Current Liabilities	
		Accounts Payable	
		20000 · Accounts Payable	-20.80
		Total Accounts Payable	-20.80
		Total Current Liabilities	-20.80
		Total Liabilities	-20.80
		Equity	
		3000 · Opening Bal Equity	8,487.23
		3100 · Funds	
		3120 · Grant Fund	41,736.80
		3160 · Memorial, Toomey	4,500.00
		3180 · Bedayn Thomson Grant Fund	500.00
		3200 · Operating Budget	71,250.00
		Total 3100 · Funds	117,986.80
		3300 · Allocated Funds	-112,986.80
		3900 · Funds Balance	106,961.20

	Net Income	20,291.52
	Total Equity	140,739.95
	TOTAL LIABILITIES & EQUITY	140,719.15

Spring Conference Budget 2015 Hollister, CA 7/13/14

****Based on 350 attendees**

Income Total	\$	64,275.00
Expense Total	\$	36,852.03
Net	\$	27,422.97

Need 33 people to make budget work

Expense	Price per unit	Qty	Sub Total
Site Rental			6,149.00
Electrical Equipment	\$ 784.73		784.73
Audio Equipment	\$ 1,000.00		1,000.00
Education Expenses	\$ 600.00		600.00
Equipment Rental	\$ 1,300.00		1,300.00
Security Guards		500	
Discretionary Fund	\$ 2,000.00		2000
Materials/ Supplies			
Bags of Coal	\$ 25.00	50	1,250.00
Steel	\$ 300.00		300.00
Propane	\$ 325.00		325.00
Diesel fuel & Gasoline	\$ 450.00		450.00
Oxy Acetelyne	\$ 300.00		300.00
Safety Glasses	\$ -		0.00
Fire Safety Gear	\$ 478.00		478.00
Merchandise			
T Shirts & Baseball Caps			2552.8
Administration			
Office Supplies	\$ 100.00		250.00
Postage/shipping/Program	\$ 500.00		500.00
Registration	\$ 100.00		100.00
Badges	\$ 2.50	350	875.00
Band - Need to line up			500.00
Reg/Merchant Service			2,187.50
	Sub-Total Before Food		22,402.03
Food			
Sat. Banquet Meal		350	0.00
Beverages	\$ 1.00	350	350.00
Sunday Breakdown Bfest		50	0.00
	Sub- Total Food		350.00

*pending donations

split out per registrations

Demonstrators	Pay	Expenses	Sub Total	Demonstrator Expenses
1	\$ 1,500	\$ 3,000	\$ 4,500	Flight
2	\$ 1,000	\$ 2,000	\$ 3,000	Rental Car
3	\$ 1,000	\$ 2,000	\$ 3,000	Shipping
4	\$ 500	\$ 300	\$ 800	Hotel
5	\$ 500	\$ 300	\$ 800	
6	\$ 700	\$ 300	\$ 1,000	
	\$ 200		\$ 200	
Auctioneer Lodging		\$ 300	\$ 300	
Conf Team Lodging		\$ 500	\$ 500	
	Sub-Total Demonstrators		\$ 14,100	

Sub-Total Before Food	\$ 22,402.03
Sub-Total Food	\$ 350.00
Sub- Total Demonstrators	\$ 14,100.00
Conference Expenses Total	\$ 36,852