



# Growing, Adapting, Evolving

**2009 Annual Report**





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# Letter From The President



## Growing, Adapting, Evolving

The NASE's 28th year was one of change. It was about growing in size and influence; adapting to new markets and regulations; and evolving into a stronger association for it all.

On the surface, there wasn't much about the NASE on January 1, 2009, that was the same on December 31, 2009. New membership packages were unveiled, the organization's website and database software were rebuilt from the ground up, new alliances were formed with sales and fulfillment partners, new offices were opened, and new staff joined the team.

But if you peel back those surface layers of change, you'll see that they were all caused by a need to serve micro-business. The NASE evolved in 2009 into an organization better suited to respond rapidly to its members' needs, and to changes in public policy and regulation. And if you continue peeling, you'll find that the roots of the NASE stayed the same: we might have more staff, but the staff's number one goal is still to help members; we might have new sales partners, but those partners still want to help small businesses get the support they need; we might have new systems and databases, but that technology only helps us reach members more quickly with the benefits and information they want and need.

The core of the NASE benefit package also remained the same. The NASE Business Development Grant program awarded over \$95,000 to members, and the scholarship program helped students with \$84,000 worth of college tuition. The NASE also continued its traveling tax seminar series, and tradition of in-depth, independent research. The association's advocacy influence grew, leading to several one-on-one opportunities to share the micro-business perspective with President Barack Obama.

By adapting to all the changes the organization faced in 2009, the NASE has evolved into an association with a strong foundation and an unlimited potential for growth for itself and its members.

Robert Hughes  
President



# Health Care Reform And The NASE

Health care reform was one of the most talked about political topics in 2009.

With so many decisions about personal choice for business owners and their families at stake, discussions surrounding the reform effort were passionate and from the heart.

Throughout the debate, the NASE advocacy office heard from association members about how these proposals would affect their operations. The NASE took every opportunity to pass those sentiments along to the media, Congress and even President Obama himself.

A nationwide survey of 2,000 micro-business owners helped shape the NASE's position on the health reform debate. According to the results of the NASE Micro-Business Perspectives in Health Care survey, entrepreneurs were ready for major changes to the American health care system, but were asking the federal government to focus their efforts on addressing the costs of health coverage. When asked for the most important component of health reform, 60 percent of micro-business owners cited cost containment, even over access and choice.

Kristie Arslan (third from right), executive director of the NASE legislative office, met with President Obama to discuss micro-business issues in October 2009. She is joined by representatives of other small-business organizations.\*

\* This photograph provided by The White House Photo Office.



The NASE gave members the opportunity to meet with President Obama. From left: NASE Members Josh Levine, Tina Schott and Tiffany Washington.



The NASE team talked to news outlets about the spiraling cost of health care, making clear the need for reform measures that will rein in health care expenses for micro-business owners and their employees.

NASE Members wrote letters to members of Congress urging them to put health care affordability at the top of the list for reform.

The NASE also made sure that members had the opportunity to participate in the health care debate with policymakers, including President Obama.

In October, NASE chief advocate Kristie Arslan met with the President to discuss micro-business issues,

including health care reform. Then NASE Members visited the White House to listen to the president discuss health reform and its importance to micro-business owners.

In November, the NASE sent a straightforward letter to the House of Representatives stating that the association strongly supported reform of our current health care system. The letter explained that the continually escalating health insurance costs, along with the struggling economy, have put a squeeze on our nation's self-employed. Because of this, health care reform needed to address the needs of micro-business owners, with the top concern being affordability.

Ultimately, after working extensively with lawmakers, the NASE opposed both the House and Senate versions of health reform, including the compromise bill that was eventually signed in to law, because legislation did not do enough to lower health costs for America's smallest businesses.

The association's work did not stop with the law's passage. Instead, the NASE launched an education campaign in early 2010 to inform members about the impact of the law on their business. The NASE also continues to work to ensure that our members and micro-businesses in the U.S. are not hurt by new regulations in the health reform law.



# Grants Given To 20 Member Businesses

In 2009, the NASE awarded Business Development Grants to 20 members who put the money to work buying equipment, upgrading their offices with technology, launching new websites and more.

“With small-business loans drying up, the money provided by the NASE Business Development Grants has become even more important for our members,” says Robert Hughes, president of the NASE. “We continue to push for legislation and funding that would increase small-business lending. But until that money starts flowing again, these grants provide immediate working capital for our members.”

The NASE has awarded more than \$440,000 to member businesses since the grant program began in 2006.



**Gwen and James Arrigon**  
Beckett Run Inc.  
Hamilton, Ohio  
beckettrunriding.com

**Jonathan C. Beck**  
JBS Multimedia  
Huntington Beach, Calif.  
jonbeckphotography.com

**Theresa Cassiday**  
Catena Creations LLC  
Bellevue, Neb.  
catenacreations.com

**Aaron Degler**  
Degler Design Inc.  
Saint Charles, Ill.  
deglerdesign.com

**Elizabeth and Scott Dupre**  
The Pagoda Vent Company  
Kittery Point, Maine  
pagodavent.com

NASE Business Development Grant recipients (from left) Steven Huffman, Theresa Cassiday and Jonathan Beck.



NASE Business Development Grant recipient Zane Homesley.

**Robby Gerken**  
Erie Recycling Services LLC  
Antwerp, Ohio

**Lily Hay**  
Aglow Marketing LLC  
Indianapolis, Ind.  
aglowmarketing.com

**Zane Homesley**  
Goshawk Environmental Consulting Inc.  
Austin, Texas  
goshawkenv.com

**Steven K. Huffman**  
Steve Huffman Training Stables  
Nampa, Idaho

**Carl Leonard**  
Fogles Asphalt Sealing  
Walkersville, Md.  
foglesasphalt.com

**Scott and Karen Logan**  
The Blue Mermaid Island Grill  
Portsmouth, N.H.  
bluemermaid.com

**Tyler Madsen**  
Born Again Homes  
Ellis, Idaho

**Gaylene Mann**  
Curves of Dallas  
Dallas, Ore.  
dallasoregoncurves.com

**Mary Miles**  
MG Accounting and Tax Service LLC  
Alpharetta, Ga.  
mgaccountingandtaxes.com

**Janna Piper**  
Janna Piper Housesitting  
Portland, Ore.  
jannapiperhousesitting.com

**Lesley Rackowski**  
Pillowcasegram & Other Things LLC  
Westfield, N.Y.  
pillowcasegram.com

**Nancy Ritchie**  
Cranial Tap, Inc.  
Sterling, Va.  
cranialtap.com

**Doug Springer**  
Springers Gymnastics Center LLC  
Ellsworth, Maine  
springersgymnasticscenter.com

**Susan Steele**  
Artistic Touch Studio  
Gilbert, S.C.  
artistictouchstudio.com

**Elizabeth Stultz**  
Elizabeth Stultz Photography  
Windham, Maine  
elizabethstultz.com



# Startup Accounting Firm Receives \$30,000 Achievement Award

When Maryland CPA Tiffany Washington opened her accounting firm in 2007, she never dreamed that she would be adding \$30,000 to her own business's ledgers. But thanks to the NASE's 2009 Achievement Award, that's exactly what she did.

It all started in October 2008 when Washington received a \$3,000 NASE Business Development Grant. She used the funds to purchase tax preparation software, office equipment and supplies for her then 1-year-old startup business, Washington Accounting Services. The grant money also helped her move out of a home office and into an office building, a space more favorable for meeting with clients.

Tiffany and her son, Jaden, 3, show off the \$30,000 check she received at the ceremony.



As soon as she started her accounting business, Washington joined the NASE. Making smart business decisions, which included applying for an NASE Business Development Grant, she created the successful and fulfilling career that she had imagined for herself.

Washington Accounting Services now serves a client base made up of more than 80 percent sole proprietors.

Washington received her award during a ceremony at the NASE's Washington, D.C., office. Washington has big plans for the award money she received.

She says she'll invest in creating an accounting and tax education seminar series for current and potential clients, as well as make improvements to her Web site and marketing efforts. Now that she has the capital required, she also plans to explore options to begin bidding on government accounting contracts.

"The NASE Business Development Grant gave me confidence to pursue larger goals and take my business further," Washington says. "Now with this unbelievable NASE Achievement Award, the possibilities are just endless."

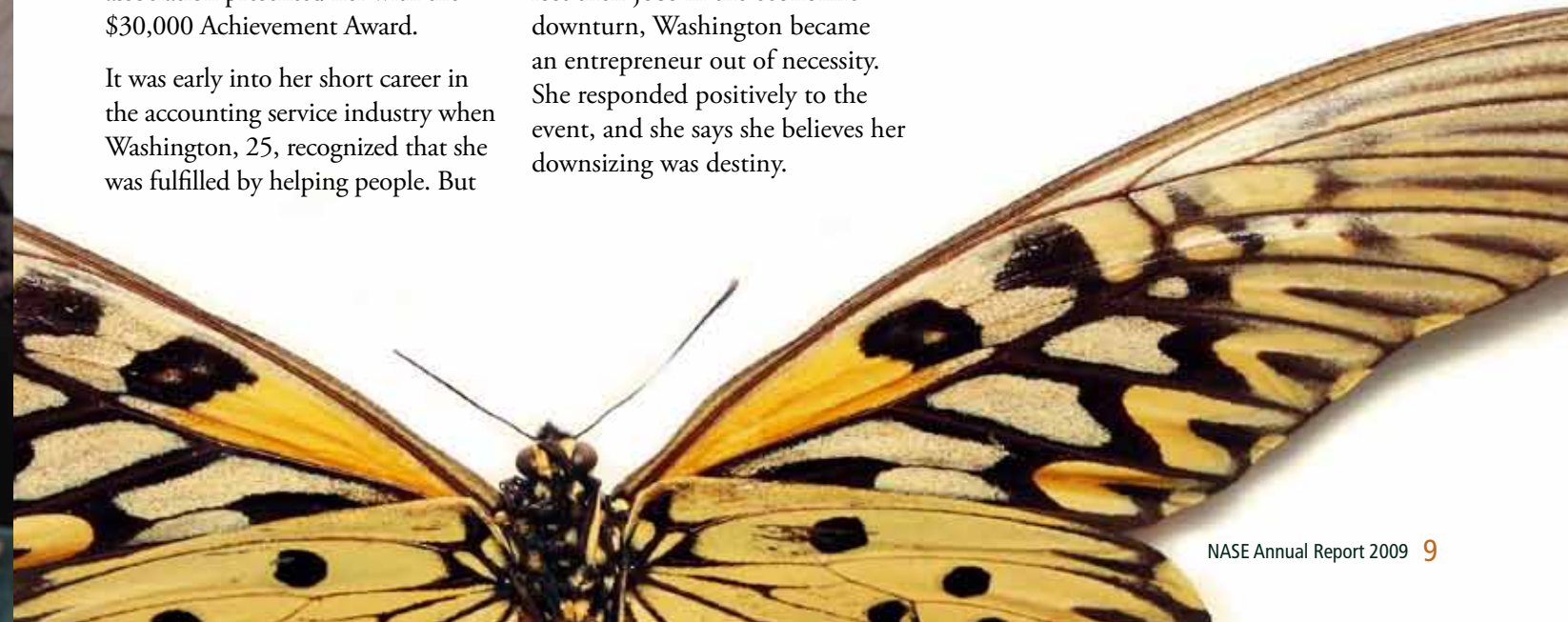
Less than six months later, by the end of the tax season, Washington had quadrupled her income from the previous year.

The NASE recognized the productive ways Washington used her grant funds to grow her startup business. And to help her accounting firm continue its expansion, the association presented her with the \$30,000 Achievement Award.

It was early into her short career in the accounting service industry when Washington, 25, recognized that she was fulfilled by helping people. But

because her corporate job more often involved helping major corporations, she began working with small businesses part time on the side. She was contemplating taking the leap of faith to leave her job and start her own business when her corporate position was downsized.

Like thousands of others who lost their jobs in the economic downturn, Washington became an entrepreneur out of necessity. She responded positively to the event, and she says she believes her downsizing was destiny.





# NASE Future Entrepreneur Skates To Success



As a teenager in high school, Joe Pielago discovered a Los Angeles streetwear designer, The Hundreds. Those T-shirt designs got enthusiastic responses from his friends at Palos Verdes High School in Rancho Palos Verdes, Calif.

Soon he and lifelong friend D.J. Vilicich were talking about starting their own clothing company.

"A clothing company would be a perfect expression of my leadership capabilities, my artistic style and my love for fashion," Joe says.

That was the start of Joe's company Voila Los Angeles, a line of hats and T-shirts that combine the hip-hop, skateboard craze and urban lifestyle that are part of the Southern California culture for teens in the 21st century. The company has four employees, including Joe's brother, Jeff, 15, who's the venture's top salesman. Voila is a major reason Joe, now 18, was the NASE Future Entrepreneur for 2009.

The scholarship program, which started in 1989 for dependents of NASE Members, awarded Joe up to \$24,000 toward his education at the University of San Francisco, a private college in northern California. He received \$12,000 in the first year and can apply for a \$4,000 renewal in each of the next three years.

"This scholarship helps me so much," Joe says. "I knew . . . my high school education would not provide me with enough of a background to meet my ambitions. I knew that I needed to attend college. After researching what colleges had to offer, I decided I needed to be a business major with a strong emphasis on entrepreneurship."

Joe learned about the relationship between hard work and success from his parents. His father, Rick, is an NASE Member who owns his own CPA practice. Joe's mother, Kris, was a commercial furniture saleswoman for 20 years and now helps out in her husband's practice occasionally.



"I saw how hard they work," says Joe. "Dad leaves at 6 a.m. and comes home at 10 p.m. from January through April. He says I should become a CPA as a joke, but I don't think my dad has ever pushed me in any direction he wanted. My mom said, 'Do what you want.'"

His parents always knew Joe would do something entrepreneurial.

"Starting at the age of 4, we knew he'd find a way to reinvent the wheel," Kris says.

Currently, his goals are to earn his business degree so that he can run the company even more successfully.

"Without question, a well-rounded education is a key ingredient for learning to skillfully transform my

dreams into a prosperous, legitimate entity," he says. "Since I desire to be a true entrepreneur, I'll study as many different facets of the business world as possible. I'll need to know every angle such as accounting, payroll, tax laws and especially marketing.

"Long term, I want to stick with Voila clothing; that's where my heart lies."

NASE Future Entrepreneur Joe Pielago (center), with his brother Jeff (left), father and NASE Member, Rick, and mother, Kris.





# Scholarships Help 18 Students Attend College

In 2009, the NASE awarded a \$4,000 scholarship to 18 deserving dependents of NASE Members. These students were able to use their scholarships to study any subject at the college of their choice.

The scholarship funds couldn't come at a better time. The National Association for College Admission Counseling reports that 70 percent of high schools saw more students forgoing their dream schools this year.

"There's no doubt that families are feeling the financial squeeze and they're cutting back on college plans," says NASE President Robert Hughes. "That makes our scholarships more important than ever. I'm proud we can help these students achieve their dreams."



**Clare Bateman**  
Waymart, Pa.  
Dependent of NASE  
Member Russell Bateman



**Victoria Boyd**  
Memphis, Tenn.  
Dependent of NASE  
Member Isiah Boyd



**Abigail Ebensberger**  
La Vergne, Tenn.  
Dependent of NASE  
Member David Ebensberger



**Brittany Elmer**  
Rockton, Ill.  
Dependent of NASE  
Member Brian Elmer



**Kelly Gwiner**  
Fostoria, Ohio  
Dependent of NASE  
Member John Gwiner



**Laurel Hansen**  
Allison Park, Pa.  
Dependent of NASE  
Member Debra Skurski



**Hannah Harmsen**  
Middletown, Mich.  
Dependent of NASE  
Member Linda Harmsen



**Lindsey Maxon**  
Arlington, Texas  
Dependent of NASE  
Member Jannett Maxon



**Lesli Meekins**  
Port Orchard, Wash.  
Dependent of NASE  
Member Tina Meekins



**Ethan Montgomery**  
Stephenville, Texas  
Dependent of NASE  
Member Laura Montgomery



**Jennifer Pappas**  
Methuen, Mass.  
Dependent of NASE  
Member Linda Pappas



**Emily Rapp**  
Sharon, N.H.  
Dependent of NASE  
Member Tina Rapp



**Joshua Scherschel**  
Bedford, Ind.  
Dependent of NASE  
Member Gary Scherschel



**Raphael Shapiro**  
Sag Harbor, N.Y.  
Dependent of NASE  
Member Julian Shapiro



**Trevor St. John-Gilbert**  
Rockwall, Texas  
Dependent of NASE  
Member Scott St. John-Gilbert



**Jason Wilber**  
Downingtown, Pa.  
Dependent of NASE  
Member Jeffrey Wilber



**Julia Wilber**  
Downingtown, Pa.  
Dependent of NASE  
Member Jeffrey Wilber



**Devon Zielinski**  
Argyle, Texas  
Dependent of NASE  
Member Lina Zielinski

# NASE Makes New Connections With Members

Representing 200,000 micro-business owners across the country, it's hard to get to know all the NASE Members on a personal level. But in 2009, the NASE leveraged seminars, partnerships and social media to connect like never before.

In the program's third year, the NASE TaxTalk seminars went coast-to-coast in March. The NASE took tax strategies to members and other micro-business owners in:

- Salem, Mass.
- Minneapolis, Minn.
- Pittsburgh, Pa.
- Arlington, Va.
- Oakland, Calif.
- Denver, Colo.
- San Marcos, Texas

In the seminars, participants learned about finding hidden tax deductions for their micro-businesses, tax code changes that affect the self-employed and more. Each two-hour seminar also provided time for attendees to ask specific tax questions and get personalized answers.

The TaxTalk seminars were done in coordination with Small Business Development Centers (SBDC), which helped expand the reach of this important information. There are almost 1,000 SBDCs across the country where business owners can obtain counseling and training.

In 2009, several SBDCs began promoting NASE Memberships to their clients as an additional resource for benefits and start-up help. And, NASE Members used SBDCs to help make the most out of their membership benefits. Karen Logan, owner of Blue Mermaid Island Grill in Portsmouth, N.H., received help from her local SBDC when writing her business plan to apply for an NASE Business Development Grant.

The NASE also branched out into social media outlets to connect with members. Launching a presence on Twitter, Facebook, LinkedIn and YouTube expanded the sense of community for NASE Members – and provided new opportunities for members to ask questions and show appreciation.

NASE's own website became more "social" in 2009, with a revamp that added features allowing visitors to comment, subscribe to RSS feeds, or share with others through Digg, StumbleUpon, and others. The result has been a more interactive site where members can get the latest news, ask questions and network with other micro-business owners.



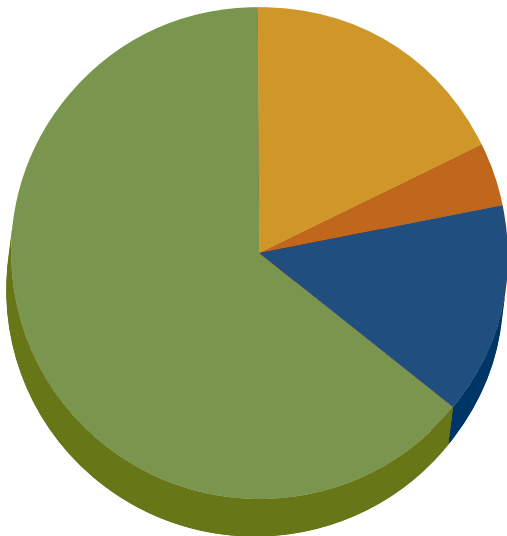
[facebook.com/NASEonFB](https://facebook.com/NASEonFB)  
[twitter.com/NASEtweets](https://twitter.com/NASEtweets)

NASE Member Karen Logan used the resources of her local SBDC to apply for an NASE grant. She's shown here with NASE and SBDC staff accepting her \$5,000 grant.

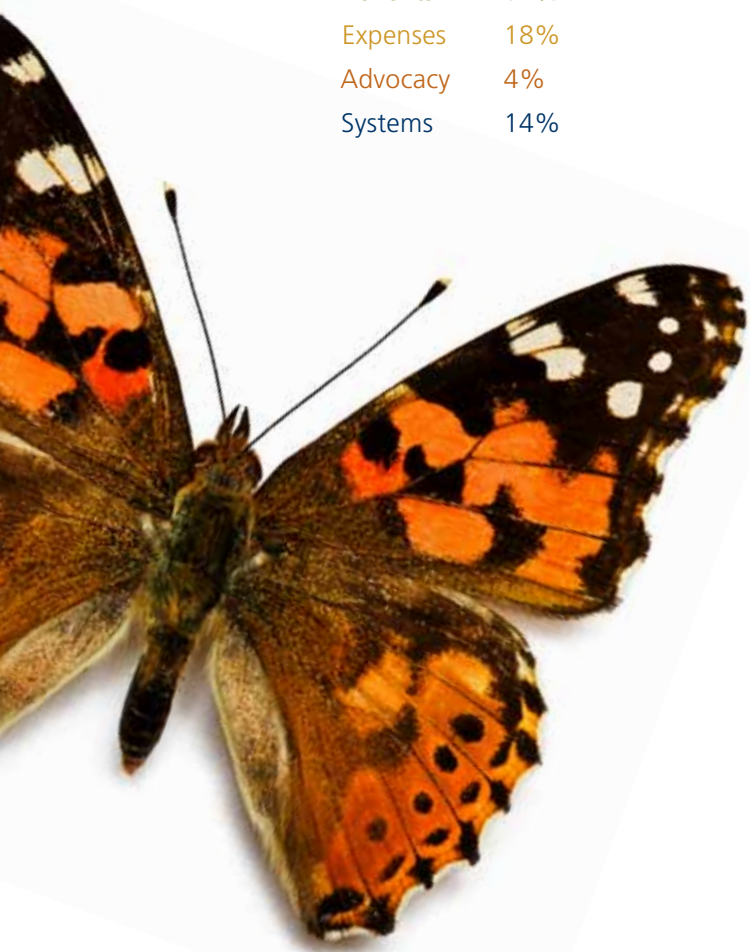


# Financial Report

NASE, Inc. Financial Report at December 31, 2009 and for the year then ended.



Benefits 64%  
Expenses 18%  
Advocacy 4%  
Systems 14%



## Balance Sheet

<b>Assets</b>	
Cash and cash equivalents	\$ 8,098,599
Land and Equipment (net of depreciation)	\$ 2,260,321
Other assets	\$ 1,718,310
<b>Total Assets</b>	<b>\$ 12,077,230</b>
<b>Liabilities And Fund Balance</b>	
Accrued expenses	\$ 2,716,220
Deferred revenue	\$ 545,161
<b>Total Liabilities</b>	<b>\$ 3,261,381</b>
Unrestricted Fund Balance	\$ 8,815,849
<b>Total Liabilities And Fund Balance</b>	<b>\$ 12,077,230</b>

## Statement Of Revenues, Expenses And Changes In Fund Balance

<b>Revenue</b>	
Member dues (net of distribution)	\$ 23,271,533
Other income	\$ 155,080
<b>Total Revenues</b>	<b>\$ 23,426,613</b>
<b>Expenses</b>	
Member benefits	\$ 15,383,015
Member management systems	\$ 3,358,993
Washington advocacy	\$ 1,044,255
Salaries, facilities and administration	\$ 4,414,632
<b>Total Expenses</b>	<b>\$ 24,200,895</b>
<b>Net Change In Fund Balance</b>	<b>\$ (774,282)</b>

# NASE Board Of Directors

The NASE board of directors sets all policy and determines the direction of the association.



**Michael Beene**  
In over 20 years of private law practice, Mr. Beene tried in excess of 100 jury cases to verdict. After partnerships in two Dallas law firms, Mr. Beene operated his own trial firm for five years. Mr. Beene is board certified in civil trial law and a member of the American Board of Trial Advocates.



**Robert Hughes**  
As president of the NASE, Mr. Hughes brings to the board 20 years experience as a small-business owner. His work as a certified public accountant provides him with an in-depth understanding of many of the issues facing the self-employed. Hughes is also the past secretary-treasurer and has served on the NASE board since 1986.



**John Crowder, Jr., M.D.**  
A physician with 36 years of experience, Dr. Crowder specializes in ophthalmology. He has held various leadership roles in the medical community, including director of an emergency room, chief of staff of a community hospital, and positions on the board of a foundation and eye surgery center.



**Charles Montgomery**  
Mr. Montgomery brings to the board of directors over 32 years of sales, marketing and management experience in the insurance and related industries.



**Keith Hall**  
As a certified public accountant, Mr. Hall has provided consulting and tax services to small businesses for the last 15 years as owner of his own accounting firm. Hall serves as the National Tax Advisor for the NASE and testifies on behalf of micro-business owners to the United States Congress on various small-business issues.



**Scott Scribner**  
Mr. Scribner brings to the NASE board over 25 years of small-business expertise. As a real estate professional and investor, he has an extensive background in both sales and investment and currently leads a successful real estate sales team. Formerly a commercial bank president and CEO, he has broad experience in many of the issues surrounding small business, including finance, management and business strategy.



**James Hambuchen**  
Currently serving as board treasurer, Mr. Hambuchen has held various leadership positions on the NASE board of directors, including chair. His small-business experience spans 31 years, largely through ownership of an electrical contracting company.



**John Wright**  
Mr. Wright created, developed and managed his own business center/travel agency for 15 years. Prior experiences include 22 years within the air transportation industry where he has held various positions in sales and management. Mr. Wright is chair of the NASE board of directors.





**National Association  
for the Self-Employed**

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