

CR 8 Business Committee Report 2012AGM

The Business Committee is charged with analyzing business related details of JCNA, administering the JCNA Insurance Policies, negotiating JCNA employee contracts, coordinating the duties of the Administrative Manager and looking over the financial details of JCNA.

Since accepting responsibility for the Business Committee at the AGM in 2010, John Masters, has joined me as a member. On August 2, 2010 a change was made in the Administrative Manager position. Deanie Kennedy took over the position after a search was completed. Since taking over, she has had a very positive impact in our financial management, and communication with the affiliate clubs.

Financial issues

Financial Health. JCNA is currently operating in the red. For the years ended 12/31/09 the loss was approximately \$17,140 and based on the 2010 results we had another loss of \$37,642 of which \$27,848 is a one time inventory adjustment. For the year 2011 another loss will be reported. Although we will continue to review expenses to seek areas of savings, it is far better for our long term financial health what we find ways to increase top line revenue. Most notable among these would be increased membership or dues, increased Journal and web advertising, and increased sales of regalia and printed material. The most recent dues increase was at the 2006 AGM when dues for JCNA were increased from \$20.00 to \$22.00 per year. During the current year, under the leadership of Steve Kennedy and George Camp, revenue and ultimately profit from regalia and book sales continues to increase. Membership has stabilized, and expenses have been closely monitored for savings. Our 2011 shortfall was driven most notably by a shortfall in Jaguar Journal advertising.

Dues Increase. Based on many years of breakeven or below cash flow, and With the above in mind, we strongly recommend at this time that dues for next year be increased to \$30.00 for JCNA. With this increase, we will no longer need to access our savings each year to help support club operations, and can again begin to financially move in a positive direction. As I review the cost for membership in other national clubs, and consider the services e offered to the membership by JCNA, I firmly believe that this amount is more than reasonable.

JCNA funding of national events. Having been involved in national events, as an affiliate club and in my current role, I believe we need to formalize our position and funding for national events, and publish our decision as a permanent part of the record. We should make it clear to affiliate clubs that most funding for the event needs to come from their club's fund raising activity's, and that some level of support will come from JCNA with clear \$\$ amounts noted. At the fall 2011 BOD meeting, a committee was formed to analyze and recommend action in this area.

Administrative Manager/Treasurer.

Administrative Manager/Treasurer. Since accepting the role as Administrative Manager last year, Deanie Kennedy has made significant improvements in the way we maintain records, along with how we communicate with the affiliate clubs. Membership renewal for the current year is computerized and feedback from the affiliate clubs has been positive. Financial records have been moved to a modern , broadly accepted accounting software that allows review in a common format. A new 800 line has been put into place that has options to speak directly with her, the tech line, or sales of regalia or publications. Deanie has taken over the process of billing and collecting for Journal advertising. Overall the improvements have been well received by the affiliate clubs and have helped with cashflow. In addition, the remaining records formerly housed in a rented space have now been forwarded to Deanie for safe keeping.

JCNA Employment Contracts.

JCNA Employment Contracts. During recent year's, new positions were added to include Associate Editor of the Journal, Webmaster for the JCNA website, and Associate Webmaster. The term of most contracts, runs until 12/31/2013. Although the dollar amounts of these contracts are very reasonable for the work involved, they will place added pressure on the income statement of JCNA. Contracts were completed by JCNA legal council for our new Administrative manager along with manager of Regalia and Publication sales. The current agreement with Journal Editor Mike Cook expires 3/31/12. During the coming months, new agreements will need to be negotiated with both our Journal Editor and Associate Editor.

JCNA Insurance.

JCNA Insurance. J.C. Taylor continues to be our insurance broker. Currently we have General Liability for JCNA and affiliated clubs with a coverage limit of \$3,000,000 per occurrence and \$4,000,000 aggregate during a 12-month period. Directors and Officers Liability coverage with a limit of \$1,000,000 per occurrence and aggregate during a 12-month period. Local clubs should request a certificate of insurance for their events, however the event will be covered even if they do not. Our Liability Insurance coverage currently extends to cover all affiliate clubs and all events that they have. Our Directors and Officers Liability Insurance coverage extends to the National as well as Local Affiliate management group. Insurance has been one of the more active areas of involvement for the business committee this year, mostly with questions regarding coverage and insurability of places where events are held. During this year we had one claim from a club in Texas, and another is pending in New England regarding a Concours incident. When resolved, these should not have a negative impact on our cost for insurance going forward.

Trophy Management.

JCNA Trophies management and shipping has moved this year from Welch Jaguar to Coventry West. Storage of the trophies at Coventry West is at no charge to JCNA. We were notified by Welch that they

could no longer allocate space to manage this inventory. As part of this move, George Camp took over inventory management and distribution to the affiliate clubs. A review was made of our cost structure for trophies. We determined that we had been selling these at a loss and have adjusted our prices to break even. During the current year, George has done a great job with order fulfillment. Club orders are handled quickly by George and shipped from Coventry West. We now charge the affiliate clubs for actual shipping charges related to their trophy order. We recommend that any remaining inventory held outside of Coventry West be consolidated to that location to better help with management of JCNA assets. Many Thanks to Dick Maury for coordinating the effort at Coventry West for JCNA.

JCNA Shop.

JCNA Shop. Thru the efforts of George Camp and Steve Kennedy with support from our Webmaster, the JCNA shop has made a tremendous leap forward this past year. Total sales were \$36,645 compared to near \$2,000 for the previous year at year end 2010. For the year 2011 sales continue to grow. In addition, George recently put on sale the 1st, and 2nd in a series of reproduction archival items. Most recently, a new shipping charge schedule is recommended for use with future orders. If implemented, the charges overall will be more balanced based on order size.

Tool Loan Program

Tool Loan Program. After a lot of hard work by George Camp and others, the Tool Loan Program is being launched today. The remaining obstacles have been resolved; the tool's are housed, and will be shipped from Coventry West. George will report separately on the details of this program.

JCNA Event Funding.

JCNA request from Jaguar Cars. Starting this year, we made an annual request for affiliate club event funding at the end of February to coincide with the Fiscal Year of Jaguar Cars. It was necessary for affiliate clubs to complete their request and forward to the JCNA Administrator, Deanie Kennedy in advance of that date so that a summary for all of JCNA could be presented to Jaguar Cars. After some budget cuts at Jaguar Cars, the final approved amount of \$21,850 was received from Jaguar Cars, and dispersed by Deanie to the affiliate clubs **as directed by Jaguar Cars**. We will continue this process in 2012, and encourage clubs to submit their request to Deanie Kennedy as soon as possible, but before the end of February of each calendar year. Although there is no guarantee that Jaguar Cars will fund these events, we believe it is in our best interest to be timely and organized with our request.

Note: The Jaguar Cars Sponsorship Request Form.rtf is available on the JCNA web site in the Library section.

Jaguar Journal.

Billing for Jaguar Journal advertising became the responsibility of our Administrative Manager this year, thus allowing Mike Cook more time to solicit advertisers, and sell advertising, along with his duties as Publisher. We did have an advertising shortfall this year due to several issues with only a 1 page ad from Jaguar Cars. In addition we have been exploring the possibility of using the new Journal plastic bag for ride-along advertising.

Accounting Method.

JCNA Accounting method. For many years, JCNA has used accrual accounting. Allowing for income and expenses to better match the reality of their receipt. "The accrual method of accounting is generally accepted as a more accurate estimation of the financial activities of an Organization".

Set-up of a Jaguar “North American Foundation”

As with many organizations, our membership is aging. There are members who have significant collections of Automobelia and/or Cars, and often do not find a family member equally passionate about their hobby. As with other clubs, most notably AACA, there is a need for a place where donations can be retained for use by members, and a vehicle for maintenance of the Jaguar Heritage. We are exploring the possibility, to set up a completely separate charitable trust, that will allow members or non-members to donate material or car's for permanent housing and use by the membership of JCNA, along with Jaguar enthusiast throughout North America.

Recommendations.

Recommendations. Although we are a Not-For-Profit (501C7) group made up of local clubs and members with a motorsports hobby, we must continue to keep an eye on the financial health of the club. With annual budget that can run \$250,000 and higher, along with the need for liability protection of those involved in the club and events, income is paramount. With that in mind; **We have placed a strong recommendation on the table for a dues increase next year.**

Respectfully Submitted
Business Committee Chair
Gary Kincel