

JAGUAR CLUBS OF NORTH AMERICA
2018 Annual General Meeting
March 24, 2018, San Antonio, Texas

2017 Treasurer's Report
Respectfully Submitted by William W. Sihler

It was an unexpected honor to be asked to step into the role of JCNA Treasurer to allow Gary Kincel to elide into his new challenge developing the Coventry Foundation. I very much appreciate the help he gave me learning the job, as I do the support provided by Gary Vaughan, George Camp, and others who put up with my questions.

An additional complication, which was started before I entered the scene, was transferring the JCNA bank relationship to Branch Bank & Trust (BB&T). Despite the inevitable small issues that arise in such a change, the transfer went smoothly. Fortunately for me, Messrs. Kincel, Vaughan, and Camp had this transfer organized and partly implemented before I arrived. The bank situation appears to be operating smoothly with a reduction in bank charges.

In summary, JCNA substantially improved its financial results in 2017. The association showed a profit of \$43,600, up from a loss in 2016 of \$25,000. Reserves for emergencies of \$210,200 were not touched and grew slightly to \$214,500 thanks to interest earned. These reserves are all invested in zero-credit-risk investments, which in 2017 earned very little.

Income statements for 2017 and 2016 follow together with balance sheets for December 31, 2017 and 2016. The income statements have been rearranged from the detailed statements provided by the accountant to put emphasis on the major segments of JCNA's operations. In the following discussion, because it was decided not to create a 2017 budget, the comparison is 2017 results versus 2016.

Basic Operating Profit and Loss Analysis

Basic operating revenues and expenses. JCNA's basic operating revenue, mainly from dues, was down \$5,000 in 2017, \$158,900 versus \$164,600. Basic expenses, however, declined from \$145,600 to \$123,100, creating a net improvement of \$22,500. The reduction in expenses was largely the result of a decrease in website management and meetings and transportation.

Special revenue. Four items created special 2017 net revenue of \$4,800, compared with a \$40,000 loss in 2016. The difference was in part a decline in trophy costs of \$28,900 (but at the end of 2017 there were \$26,100 in trophies on the balance sheet which will presumably be distributed and expensed in 2018). Two projects created a total of \$9,100 in net contribution: Hard Regalia (including the 60th Anniversary badges, pins, and poster) and the E-Type Originality Guide.

In total, these special projects generated about \$4,800 in contribution to the total 2017 profit of \$43,000. Unfortunately, special projects tend to have limited half-lives. JCNA's officers, directors, and members need to be creative in identifying new opportunities.

Other income. Other income remained at about the same in the two years, consisting primarily of JLR contributions to JCNA. These were passed along to the component clubs.

Overall net operating income. This sum increased significantly in 2017 from 2016: \$12,300 to \$71,900.

Jaguar Journal

Overview. In 2017, the *Jaguar Journal* cut its loss to \$28,400 from \$37,300 in 2016. In both years, JLR made a contribution of \$27,000 to the *Journal's* operating costs.

Revenue. Net advertising revenue was increased slightly in 2017 from \$63,500 in 2016 to \$66,800. Copies of the *Journal* produced \$6,200 in both years. Special projects (the Owner's Association badge and the thumb drive with complete back issues of the *Journal*) showed a significant decline in net contribution from \$17,300 to \$3,200. This illustrates the short half-life of special projects.

Expenses. A significant reduction in the *Journal's* expenses was made in 2017. They were cut 24%, from \$37,300 to \$28,400. The major portion of the reduction came from lower editorial costs (down 30%) with a smaller reduction in publication costs (down 10%). Other costs, primarily postage, remained about level.

The Bottom Line

As noted earlier, the bottom line of the greater net contribution from basic operations and special projects and the significant reduction in the cost of the *Jaguar Journal* was an increase in income to \$43,600 in 2017 from a loss of \$25,000 in 2016.

The Balance Sheet

Asset changes. Operating cash increased \$6,600 to \$71,000 from the 2016 balance of \$64,500. As noted, the financial reserves grew slightly by \$3,900 from \$210,200 to \$214,100. The reserves are invested in high-quality fixed-income securities in a laddered structure over the next seven years. One-third will mature within the next two years, and one half will mature in years 3 through 5. A very small amount is invested to mature 7 years out. There is very little credit risk in these investment, but they are subject to small interest-rate risk if rates rise and they have to be sold before maturity.

The other major asset increase was in the inventory of trophies, which was up \$26,100 in 2017. Presumably, this asset will hit the income statement as an expense in 2018.

Minor changes included an increase in accounts receivable of \$4,700.

Total increases in assets discussed above was \$36,600.

Liability changes. During 2017, outstanding liabilities dropped from \$16,900 in 2016 to \$9,900, which cut into the cash generated in 2017 by \$7,000. A decrease in Contra current assets accounted for \$3,900 of this decline.

Where-Got-Where-Gone. The increase in assets of \$36,600 plus the decline in liabilities of \$7,000 equals the profits of \$43,600.

JCNA 2017 Profit and Loss Statement

	Jan-Dec 2017	Jan-Dec 2016	Change
Revenue			
General Revenue			
Club Dues	147,539.50	154,006.33	(6,466.83)
Members at Large	10,178.89	10,381.00	(202.11)
Event Registrations	225.00	230.00	(5.00)
Life Member	1,000.00	0.00	1,000.00
Total General Revenue	\$ 158,943.39	\$ 164,617.33	\$ (5,673.94)
Special Revenue (net)			
Hard Regalia Sales	10,822.85	2,627.88	8,194.97
Regalia Expense	(6,013.19)	(13,577.35)	7,564.16
Regalia Contribution (gross)	\$ 4,809.66	\$ (10,949.47)	\$ 15,759.13
Publications	22,641.70	4,483.66	18,158.04
Publication Expense	(16,422.74)	(4,320.25)	(12,102.49)
Publication Contribution (gross)	\$ 6,218.96	\$ 163.41	\$ 6,055.55
Regalia/Publications shipping fees collected	5,121.44	1,395.28	3,726.16
Regalia/Publication shipping costs	(7,063.29)	(1,697.17)	(5,366.12)
Net Regalia/Publications shipping cost	\$ (1,941.85)	\$ (301.89)	\$ (1,639.96)
<i>Regalia and Publications Contribution</i>	\$ 9,086.77	\$ (11,087.95)	\$ 20,174.72
Trophies	14,779.82	13,590.52	1,189.30
Trophies Shipping Income	1,070.00	568.00	502.00
Trophies Income	\$ 15,849.82	\$ 14,158.52	\$ 1,691.30
Trophies Cost	(10,921.36)	(38,437.54)	27,516.18
Trophies Shipping	(9,180.04)	(4,656.50)	(4,523.54)
Total Trophies Expense	\$ (20,101.40)	\$ (43,094.04)	\$ 22,992.64
<i>Trophy Contribution</i>	\$ (4,251.58)	\$ (28,935.52)	\$ 24,683.94
Total Special Revenue	\$ 4,835.19	\$ (40,023.47)	\$ 44,858.66
Other Income			
Jaguar Cars Club Sponsorship	25,000.00	29,703.23	(4,703.23)
Interest and Other Income	5,030.71	3,423.66	1,607.05
Tool Loan Program (net)	1,204.90	197.37	1,007.53
Total Other Income	\$ 31,235.61	\$ 33,324.26	\$ (2,088.65)
Net Revenue	\$ 195,014.19	\$ 157,918.12	\$ 37,096.07
Operating Expenses			
Special Events	23,567.09	26,761.44	(3,194.35)
Membership Services	18,881.19	23,249.04	(4,367.85)
Insurance	14,688.96	13,897.33	791.63
Administration	27,300.00	26,800.00	500.00
Website and Management	6,851.00	19,431.98	(12,580.98)
Bank Charges	4,190.86	4,445.26	(254.40)
Administrative Costs	6,855.52	5,970.35	885.17
Professional Services	16,021.48	11,577.99	4,443.49
Meetings and Travel	3,957.57	12,773.31	(8,815.74)
Awards/Gifts	777.57	709.67	67.90
Total Operating Expenses	\$ 123,091.24	\$ 145,616.37	\$ (22,525.13)
Net Operating Income (Loss)	\$ 71,922.95	\$ 12,301.75	\$ 59,621.20

Jaguar Journal Profit and Loss Statement**Revenue**

Advertising	72,484.76	71,811.28	673.48
Less: Commission Expense	(5,711.02)	(8,297.75)	2,586.73
Net Advertising Revenue	\$ 66,773.74	\$ 63,513.53	\$ 3,260.21
Jaguar Cars Club Sponsorship	27,000.00	27,000.00	0.00
Special Products			
JOA Anniversary Badges Revenue	300.00	28,930.00	(28,630.00)
JOA Badge Expense	0.00	(16,205.39)	16,205.39
JOA Anniversary Badges (net)	\$ 300.00	\$ 12,724.61	\$ (12,424.61)
Thumb Drive Archive Revenue	2,833.25	6,153.43	(3,320.18)
Thumb Drive Shipping Fees	82.99	263.40	(180.41)
Thumb Drive Expense	0.00	(1,725.00)	1,725.00
Thumb Drive Archive (net)	\$ 2,916.24	\$ 4,691.83	\$ (1,775.59)
Jaguar Journal Copies	6,156.00	6,156.00	0.00
Other income	50.00	119.00	(69.00)
Total Revenue	\$ 103,195.98	\$ 114,204.97	\$ (11,008.99)

Expenses

Editorial	32,955.00	47,125.00	(14,170.00)
Publication	56,886.32	63,673.43	(6,787.11)
Mailing	36,046.62	35,263.02	783.60
Accounting Expense	3,225.00	2,981.25	243.75
Other	2,438.25	2,430.85	7.40
Total Expenses	\$ 131,551.19	\$ 151,473.55	\$ (19,922.36)

Jaguar Journal Net Income

\$ (28,355.21)	\$ (37,268.58)	\$ 8,913.37
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Jaguar Clubs of North America Inc. Net Income

\$ 43,567.74	\$ (24,966.83)	\$ 68,534.57
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Jaguar Clubs of North America, Inc., Balance Sheets	As of Dec 31 2017	As of Dec 31 2016	\$ Change
ASSETS			
Current Assets			
Bank Accounts	71,119.46	64,498.11	6,621.35
Reserve Investments	214,088.84	210,177.15	3,911.69
Total Cash and Investments	\$ 285,208.30	\$ 274,675.26	\$ 10,533.04
Accounts Receivable	38,613.73	33,892.09	4,721.64
Inventories	29,263.20	5,132.05	24,131.15
Other Current Assets	0.00	2,899.00	(2,899.00)
Total Non-cash Current Assets	\$ 67,876.93	\$ 41,923.14	\$ 25,953.79
Total Current Assets	\$ 353,085.23	\$ 316,598.40	\$ 36,486.83
Other Assets	9,510.82	9,426.78	84.04
Total Assets	\$ 362,596.05	\$ 326,025.18	\$ 36,570.87
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities	9,874.73	16,871.60	(6,996.87)
Total Liabilities	\$ 9,874.73	\$ 16,871.60	\$ (6,996.87)
EQUITY			
Net Assets – Unrestricted	259,193.10	259,193.10	0.00
Retained Earnings, Beginning of Year	49,960.48	74,927.31	(24,966.83)
Net Income	43,567.74	(24,966.83)	68,534.57
Retained Earnings, End of Year	\$ 93,528.22	\$ 49,960.48	\$ 43,567.74
Total Equity	\$ 352,721.32	\$ 309,153.58	\$ 43,567.74
Total Liabilities and Equity	\$ 362,596.05	\$ 326,025.18	\$ 36,570.87