

JAGUAR CLUBS OF NORTH AMERICA
2020 Annual General Meeting
March 21, 2020, Las Vegas, Nevada

2019 Treasurer's Report
Respectfully Submitted by William W. Sihler

Overview

My hope had been that in 2019 JCNA would be able to add about \$10,000 to its reserves. Unfortunately, I was off by about \$20,000 too high, with the result being a reduction in reserves of \$15,000. Please see the attached statements covering revenue for the years 2016 through 2019. Net revenue from operations was up \$20,000, in part because of an accounting change.

JCNA's financial position is solid, however, with about \$270,000 in cash and investments even though the Money Market account was pulled down by \$15,000 to meet end-of-year bills. (Please see the balance sheets for 2018 and 2019.) Looking ahead, my guess, done with the benefit of review by others, for 2020's results show a further drop in reserves by \$58,550. Clearly, that rate of a draw on the reserves presents a serious challenge, particularly considering it does not include the cash costs of upgrading the website. Should JLR decide to reduce its support, the effect would be even more serious.

Income Review

Looking first at the operating results for JCNA excluding the *Jaguar Journal*, membership revenue declined slightly, about 3%. The trend is concerning because it reinforces the suggestion that new, younger members are not joining as fast as long-term members are retiring.

The Other Income account benefited from a change in accounting that now holds the costs of trophies in inventory until they are used rather than expensing them as delivered. Large orders are placed to get the benefit of significant volume discounts, which probably distorted the financial results in previous years. I anticipate trophy costs will show a much more negative figure in 2020 as these costs are recognized.

Expense Review

Operating expenses have been held down very well. The costs of JCNA's taking on the 2019 AGM, with JLR support, was offset by the absence of an International Jaguar Festival to help fund. The major increase in expenses was the cost of beginning the revision and upgrade of the JCNA Website, under Jack Humphrey's direction. There will likely be considerable cash needed for this effort in 2020 even though the decision has been made to spread the costs over

the next five years. As noted above, the cash to pay for the upgrade comes upfront even though the costs are written off over time.

Jaguar Journal

This very important component of JCNA services to members continues to be a financial challenge. Revenues from advertising has shown steady drop. The problem, at least in significant part, is that the *Journal's* circulation is small and specialized so that advertisers do not find it a productive use of funds. It would be nice to think the ad revenue has bottomed out, but that may be wishful thinking. Again, JLR support is critical. Miscellaneous "other products" have generated modest but declining revenues, and no such products are currently on the horizon.

Operating expenses continue to rise. Editorial costs were up, almost to the level of 2016. Part of the explanation is that the 2019 AGM occurred very late in the production cycle so that considerable extra effort was required to get reports of the meeting promptly to members. Postage costs are again increasing, although efforts are being made to reduce these by making sure that members' addresses are current. The cost of returned magazines is expensive. Printing and other costs have remained very level.

Summary

Despite some disappointing financial results, overall the costs and revenues were under control in 2019. The trend of the last two years is disappointing. The outlook for 2020 is concerning. As I noted last year, a dues increase is among the alternatives that should be considered. The cost of the JJ might be reduced by cutting back the number of pages in the JJ. Perhaps a fee should be charged for each car judged in a concours to help pay for the website.

There are ample resources to weather 2020, but it seems wise to consider providing how to reduce the drain in 2021.

JCNA 2016-19 P&L & 2020 est/ 02/27/20 06:22 PM	Revision 3				
	-----Actual-----				Estimate
JCNA	2016	2017	2018	2019	2020
Revenues					
Club dues	154,006	147,540	145,724	140,619	—
Mems at large	10,381	10,179	8,508	7,309	—
Misc.	230	1,225	3,965	2,290	—
Total Membership Inc.	\$164,617	\$158,944	\$158,197	\$150,218	\$146,000
Other Revenue					
Regalia, Pubs., net.	(11,088)	9,087	6	1,029	1,000
Trophies, net.	(28,935)	(4,252)	(27,920)	1,236	(10,000)
Interest	3,423	5,031	4,543	5,109	5,000
Other	—	—	—	88	—
Tool loan	197	1,205	658	544	550
Total Other Income	(36,403)	11,071	(22,713)	8,006	(3,450)
Total Rev. before JLR	\$128,214	\$170,015	\$135,484	\$158,224	\$142,550
JLR Contribution	29,703	25,000	25,000	25,000	25,000
Total Revenues	\$157,917	\$195,015	\$160,484	\$183,224	\$167,550
Operating Expenses					
Sponsored events	26,761	23,567	28,035	14,460	20,000
AGM, net	—	—	—	5,329	5,000
Member services	23,249	18,881	20,950	15,493	16,000
Insurance	13,897	14,689	15,040	15,157	15,300
Administration	26,800	27,300	21,800	19,200	19,200
Archival storage	—	—	6,500	6,000	6,000
Website	19,432	6,851	6,591	9,677	8,748
Website development	—	—	—	420	6,662
Web administration	—	—	—	19,200	—
Other internet costs	—	—	—	—	2,500
Bank charges	4,445	4,191	2,968	3,553	3,500
Admin. Costs	5,970	6,856	6,486	7,132	7,500
Professional expenses	11,578	16,021	7,823	7,057	7,000
Meetings, travel	12,773	3,958	9,132	1,977	4,000
Awards, gifts	710	778	606	317	600
Total Operating Expenses	\$145,615	\$123,092	\$125,931	\$124,972	\$122,010
Net Income from Operations	\$12,302	\$71,923	\$34,553	\$58,252	\$45,540

<i>Jaguar Journal</i>					
Revenues					
Advertising	71,811	64,258	52,376	43,406	37,000
JLR Support	27,000	27,000	27,000	27,000	27,000
Tech lines	—	1,500	1,500	—	—
Other products	12,725	7,026	6,514	2,834	2,000
JJ copies	6,156	6,156	6,224	6,448	6,500
Thumb drives	4,692	2,916	107	354	300
Subscriptions, etc.	119	50	55	—	—
Total JJ Revenues	\$122,503	\$108,906	\$93,776	\$80,042	\$72,800
Expenses					
Editorial	47,125	32,955	38,455	45,335	51,000
Adv. Commissions	8,298	5,711	8,895	4,654	3,500
Mailing	35,263	36,072	33,318	36,889	39,000
Printing/Layout	63,673	56,646	54,261	52,495	52,000
Design fee	—	240	—	—	—
Liab. Insurance		1,996	1,996	1,996	2,000
Accounting	2,981	3,225	2,700	2,588	2,600
Bank charges	—	110	—	—	—
Other products	2,431	333	2,081	—	—
Miscellaneous	—	—	—	65	—
Total JJ Expenses	\$159,771	\$137,288	\$141,706	\$144,022	\$150,100
JJ Net Income (Loss)	-\$37,268	-\$28,382	-\$47,930	-\$63,980	-\$77,300
Total JCNA Net Income (Loss)	-\$24,966	\$43,541	-\$13,377	-\$5,728	-\$31,760

2020 Financial Report: Summary Balance Sheet		
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December 31, 2020	2019	2018
Assets		
Bank accounts	\$271,110	\$290,338
Accounts receivable	32,312	29,723
Inventories	20,521	16,460
Other current assets	1,565	2,500
Other assets	834	9,374
Total assets	\$326,342	\$348,395
Liabilities		
Accounts payable	\$2,908	\$9,809
Reserves	323,434	338,586
Total liabilities and reserves	\$326,342	\$348,395