

CR-8 Business Committee Report 2014

AGM BOD (Updated from the Fall2013 BOD report)

The Business Committee is charged with analyzing business related details of JCNA, administering the JCNA Insurance Policies, negotiating JCNA independent contractor agreements, coordinating the duties of the Administrative Manager and looking over the financial details of JCNA. In addition we are available to operating committee's within JCNA for advice where needed. We also make periodic recommendations to JCNA officers and BOD related to the current and future financial health of JCNA.

The current Business Committee includes, John Masters, Greg Huelsman, Gary Hagopian, and Philip Taxman, and Gary Kincel as Chairperson. We hold periodic conference calls as a Committee to discuss current events, and brainstorm new ideas. Since taking over as Treasurer/Business Manager, Deanie Kennedy has had a very positive impact on JCNA financial management, and communication with our affiliate clubs. New financial software is in place and reporting is now more efficient, timely, and complete. In addition, Deanie has streamlined the membership renewal process with affiliate clubs.

Financial Health. With hard work by many involved, the financial health of JCNA has continued to improve during this year. As reported on the December 2012 Financial statement, the bottom line when compared to the same period last year has improved from -\$5,323. to +\$6,574. For the year end 2013 our net income was positive \$31,131.90. I ask that the BOD review the P&L and Balance Sheet sent by Deanie for the full year and ask any questions that they may have regarding the finances of JCNA. Our combined cash & savings has improved this year with adequate cash on hand to support normal operations, and if needed take care of an unexpected expense. Interest earned from our investments, is now reinvested. Phil Taxman continues to manage our savings in a conservative manner with interest earnings generally above the S&P 500, and expected to be around 3.5% over the next 5 years.

Dues Increase. The requested dues increase of \$8.00 was approved at the 2012 AGM. The implementation occurred with the billing to members for the 2013 year. These additional funds have placed JCNA in a better financial condition and allow us to continue the reversal of the negative trend of the past few years. Any additional funds will be placed into savings with Merrill Lynch and Philip Taxman who has managed our savings for many years, or allocated for future projects. A significant update to the JCNA website will be discussed at this BOD meeting.

Administrative Manager/Treasurer. Since accepting the role as Administrative Manager, Deanie Kennedy who is a CPA, has made significant improvements in the way we maintain records, along with how we communicate with the affiliate clubs. Membership renewal is now computerized and feedback from the affiliate clubs has been positive. Financial records have been converted to a 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 Deanie, the tech line, or sales of regalia and publications. Deanie has taken over the process of billing and collecting for Jaguar Journal advertising. Overall the improvements have been well received by the affiliate clubs and helped improve cash flow. Club records are now secured with Deanie.

JCNA Contracts. During recent years, new positions were added to include Associate Editor of the Journal, Webmaster for the JCNA website, and Associate Webmaster. 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. A new Contract was completed by JCNA legal counsel for our Administrative manager in March, extending to the AGM in 2015. The rate of compensation was increased in the new Administrative manager agreement, along with a reduction in the amount allocated to Deanie for expenses. The current agreement with our Journal Editor has been extended into 2014. With the recent announcement of retirement for Mike Cook, a search was conducted by the JJ committee and Peter Crespin has been offered the position as new editor. A contract has been completed with Peter for 1 year of service as new editor with similar cost to the previous agreement. In addition, an agreement is in process for an Advertising person. Please refer to the JJ committee report for more information regarding these changes. The business committee chair advised on these contracts as needed.

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 most events that they have. Our Directors and Officers Liability Insurance coverage extends to the National as well as Affiliate Club 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. At the request of the Jaguar Journal Committee, and Mike Cook, we have completed the application process for insurance to cover the printing and editorial content of the Jaguar Journal. Our new Publishers Liability Policy has been in place for a year, and was recently renewed.

Trophy Management. JCNA Trophies management and shipping has moved to Coventry West. Storage of the trophies at Coventry West is at no charge to JCNA. As part of this move, George Camp took over inventory management and distribution to the affiliate clubs. George has done a great job with order fulfillment, cost negotiation, and inventory management. Club orders are handled quickly by George and shipped from Coventry West. We now charge the affiliate clubs actual shipping charges related to their trophy order. Many Thanks to Dick Maury for coordinating the effort at Coventry West for JCNA. Annual inventory will be taken for trophies on hand, and reconciled with the value maintained in our financial records.

JCNA Shop. Thru the efforts of George Camp and Steve Kennedy, with support from our Webmaster, the JCNA shop is working well. Please refer to reports from George and Steve for more detail.

Tool Loan Program. After a lot of hard work by George Camp and others, the Tool Loan Program was launched last year, and continues to work well. The tools are housed, and are being shipped from Coventry West. George will report separately on the details of this program, but we extend appreciation and thanks to George for keeping this concept alive, and achieving the ultimate goal of a working program available to all JCNA members. With additional donations received in the past year, we believe that ours is the most complete selection of tools in North America. A significant tool donation made to the Jaguar Foundation has been blended into the JCNA tool loan program.

JCNA event funding. JCNA request from Jaguar Cars. Starting last year, we have made an annual request for affiliate club event funding at the end of February to coincide with the Fiscal Year of Jaguar Cars. It is necessary for affiliate clubs to complete their request and forward to Deanie Kennedy in advance of that date, so that a summary for all JCNA affiliate clubs could be presented to Jaguar Cars. This year our total request was \$41,700. The requested amount was reduced significantly by Jaguar Cars due to budget constraints and has now been received from Jaguar Cars. Disbursements have been made to the requesting clubs at the reduced level. This process will continue each calendar year with the goal of sending the final request to Jaguar Cars by the end of Feb. each 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. Funding request for national events (AGM, Challenge Championship). Should be included with this annual request.

Jaguar Journal. Billing for Jaguar Journal advertising became the responsibility of our Administrative Manager last year. After the AGM, Dick Maury set up a committee to work on all things related to the Jaguar Journal. This group has been very active reviewing current practices, and implementing changes where needed for improved results. The role of the business committee at this time, is to be available as a resource to the Journal Committee. I will defer additional comments to the report from that Committee.

Tech Line Sponsorship. After the AGM in 2012 and in discussion with George Camp, it was decided that we seek sponsors for the JCNA tech line. That task was quickly completed with agreement of SNG Barratt, and Coventry West to sponsor the tech line for a period of 1 year. Total income to JCNA is \$3,000.00. Their support and sponsorship of the tech line was renewed this year at the same rate.

Mutual Promotional Agreement. We previously reported the completion of a Mutual Promotional Agreement with Hagerty Insurance, that would mutually benefit JCNA and Hagerty. The anticipated benefit would be both an increase in membership, and increased funds to JCNA. Gary Hagopian took responsibility to nurture this concept and worked with various people within JCNA and Hagerty to complete an arrangement that

would be mutually beneficial. Gary has completed an agreement with Hagerty Insurance that is called a "Mutual Promotional Agreement". As part of this agreement, Hagerty became a regular advertiser in the Jaguar Journal, provides JCNA a presence on their website, and offers a 5% discount for purchase of collector car insurance to JCNA members (Except in Canada, where the laws do not permit this type of discount). More recently they provided a value guide article that was published in the Jaguar Journal for the XJ6, followed by a second article also published in the JJ. This agreement was recently renewed, and we believe this can be a model for similar agreements with other vendors.

Recommendations.

Cash On Hand. 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. We continue to monitor and recommend ways to improve income or reduce expenses with an eye on maintaining the integrity of both JCNA and the Jaguar Brand. We recommend that the club maintain a full year value of operating income in cash, savings, and CD's. It is suggested that the BOD with future planning in mind, allocate funds to support new, and growth initiatives like membership growth and electronic media enhancements.

Membership. Needless to say, Membership is the lifeblood of our organization. After some conversation around ways to grow membership, Dick Maury has created a permanent committee within JCNA to work in membership. We encourage this group to remain very active at creating programs and ideas that will grow JCNA membership. We also encourage the BOD to consider allocating funds to support their activities.

Electronic Media. As we all know, the use of electronic media is increasing at a rapid pace. Not only use of the internet, but use of social media applications, like Facebook, Twitter, and LinkedIn are now commonplace in our life. President Dick Maury has appointed an active committee comprised of people knowledgeable in electronic media to manage and keep our club current within this arena. We also encourage the BOD to consider allocation of funds to support this effort. A report and conversation will be on the BOD agenda to discuss next steps.

Advertising Manager. Working with the Jaguar Journal committee Chair, we have found an advertising manager for JCNA. This person will be responsible for managing existing, and soliciting new advertisers for the Jaguar Journal. An agreement is in process with this person who will be paid as a % of advertising revenue generated, and their efforts will help increase advertising pages and income.

Respectfully Submitted
Gary Kincel