

Date: 13 August, 2016

From: Alton Hagen, VP Finance

To: Board of Directors, Skal International USA  
Skal International USA  
Skal USA Administrators

RE: Post Board of Directors 8/11/16 meeting adjustment to the proposed 2017 Skal USA Budget

As a result of the vote taken during the 8/11/16 Board of Directors meeting to increase dues by \$1.00 in 2017 for all Skal International Member categories, except Young Skal, attached is the 2017 Skal USA Budget reflecting this increase.

The number of members in each category for 2017 is guesstimated at:

- 1,717 Active @ \$66 each
- 46 Associates @ \$66 each
- 99 Life @ \$66 each
- 169 Retired @ \$66 each
- 216 Young Skal @ \$15 each

This budget will be submitted for member review and vote for approval during next month's NCM in North Little Rock, AR.

All previous comments and notations that I've made in relation to this budget are reprinted on the following pages for informational purposes.

Sincerely,

Alton

Date: 8 August, 2016

From: Alton Hagen, VP Finance

To: Board of Directors, Skal International USA

RE: Adjustments to the revised 2017 Skal USA Budget of 11 July, 2016

Since submitting to you on 11 July the revised 2017 Budget, which reflected the structural changes to the Executive Committee approved during the AGM, I've become aware of two errors I made on that budget.

1. Per both the old and new Skal USA Articles of Incorporation and By-Laws, a proposal to increase Skal USA membership dues must be presented to, and approved during an Annual General Membership meeting at least six months prior to the membership fees falling due.
  - a. I failed to submit this proposal for consideration during the AGM at NAASC.
  - b. Consequently, membership dues revenue on the 2017 budget has been scaled back to \$65 + \$3 Development Fund for each Active, Associate, Life and Retired member plus \$15 for each Young Skal member
  
2. I confirmed SI dues, in Euros, by category for 2017.
  - a. As we've locked in our Euro rate, the anticipated dues payment to SI in 2017 is more than 5% lower than I had anticipated in the budget submitted on 11 July.

Below, for your reference, is a reprint of my 11 July overview of the budget.

Sincerely,

Alton

Date: 11 July, 2016

From: Alton Hagen, VP Finance

RE: Revised 2017 Skal USA Budget notes

- The anticipated number of members by category in 2017, on which revenue is based, was achieved by applying the three year (2013- 2015 inclusive) average annual decrease or increase based on year end 2015 membership:
  - Active @ -3.15% per year
  - Associate @ -3.70% per year
  - Retired @ -3.15% per year
  - Life @ -13.81% per year
  - Young Skal @ +53.10% per year
  
- Because of the US \$ to Euro exchange rate we've locked in, I do not suggest adjusting Skal International dues for 2017 from the current amounts:
  - Active & Associate @ \$57 US
  - Retired & Life @ \$54 US
  - Young Skal @ \$15 US
  - Initiation fee @ \$30 US for Active & Retired and \$7 US for Young Skal
  - With 10% down, we've purchased 100,000 Euro at a rate of \$1.1654 per Euro
  
  - 2017 Skal International dues in Euros was established at the 2015 World Congress:
    - Active & Associate @ 48 Euro
      - At \$1.1654/Euro, our payment to SI will be \$55.94
    - Retired & Life @ 45 Euro
      - At \$1.1654/Euro, our payment to SI will be \$52.45
    - Young Skal @ 10 Euro
      - At \$1.1654/Euro, our payment to SI will be \$11.66
    - Initiation fee @ 25 Euro for Active & Retired and \$5 Euro for Young Skal
      - At \$1.1654/Euro, our payment to SI will be \$29.14 & \$5.83 respectively
  
- ~~I am suggesting a Skal USA dues increase of \$1 (from \$68 to \$69) for 2017 for Active, Associate, Retired & Life members~~
  - ~~Per the approved adjustments to Skal USA's Articles of Incorporation and By Laws, (Article XV – Annual Membership Fees) “Skal USA membership dues are pegged to the US Government CPI and there may be modest increases from time to time.”~~
    - ~~The current CPI index is at 1%~~
      - ~~\$68 X 1.0% = \$68.68~~
    - ~~Hence rounding up to \$69 for 2017~~
  - ~~Skal USA dues have increased by \$1 per year the last two years (2014 to 2015 & 2015 to 2016)~~
  
- I am not suggesting a Skal dues increase for Young Skal in 2017
  - Young Skal dues to remain at \$15

- Per the approved adjustments to Skal USA's By-Laws (Financial Assistance to Skal USA clubs attending the Skal USA Annual General Meeting), the revised 2017 budget includes an anticipated "travel/registration credit" of \$500 to each club that sends a qualified delegate to the annual AGM.
  - For budgetary purposes, I allowed for a 90% club participation rate.
  
- Per the approved adjustments to Skal USA's By-Laws (Support for Skal USA club hosting a NAASC Congress in the US) the revised 2017 budget includes a "NAASC host club support" expense of \$1 per member (\$2,000 maximum) to a restricted account
  - This amount will not actually be sent to a club in 2017 as the NAASC meeting that year will be in Canada.
  
- The majority of expense amounts were calculated by using the three year average (2013 – 2015 inclusive) of each expense category
  
- Per the approved adjustments to Skal USA's By-Laws, "The total travel & meeting expense for the Executive Committee shall not exceed 50% per year of the gross Skal USA membership dues collected the prior year."
  - For the purpose of the 2017 budget, the Travel & Meeting expenses do not exceed 50% of Skal USA's anticipated annual 2017 dues
    - 2017 dues are anticipated to be lower than the preceding (2016) year's annual dues.
  
- The Travel & Meeting Expense amounts for the President, VP Finance, VP Administration, ISC Councilor, Auditor, Administration & Past President were achieved by using the three year historical average of each position to the total Travel & Meeting Expense amounts.
  
- Per the approved adjustments to Skal USA's By-Laws, the five Regional Vice President positions will be replaced by a VP membership, two Directors of membership plus a Director of Communications & Public Relations.
  - Historically, the Travel & Meeting expenses of the Regional VPs were 45.4% of the total officer Travel & Meeting Expense
    - That 45.4% was used in total as the 2017 budget amount for Travel & Meeting expense by these new positions.