



13 April, 2018

T0: Skål USA President and Executive Committee Members  
From: Alton Hagen, Skål USA VP Finance  
Subject: 2018 First Quarter Financial Report for the period ending 31 March, 2018

This overview, along with the following end of March, 2018 financial reports, will be posted on Skål USA's website by end of business Friday, 13 April:

- End of March, 2018 Balance Sheet
- 2018 1<sup>st</sup> Quarter Year to Date vs. Same Time Last Year Profit & Loss (YTD vs. STLY P&L)
- 2018 1<sup>st</sup> Quarter Year to Date Income & Expenses vs. 2018 Quarterly and Year End Budget
- Accounts Receivable Aging Report as of 31 March, 2017

#### **2018 YTD vs. STLY Profit & Loss:**

- Skål USA membership dues received to date are \$6,430 (4.9%) below the amount received at this time last year.
- Total income to date is also below STLY by \$16,210 (6.7%)
- While expenses to date are \$12,177 (8.9%) higher than STLY.
  - While Operations related expenses are significantly below STLY, most other line items are significantly greater.
    - As noted in last month's report, "Other Types Of Expenses" is higher due to an unanticipated significant increase in travel insurance premiums
      - Since that time, it's been decided that coverage will be significantly scaled back in 2019
    - The Year Over Year increase in Contract Services is primarily due to the 2018 renewal with rate adjustment of Skål USA's management agreement with ABA.
    - The higher amount for Skål International dues paid to date vs. STLY is because \$11,654 of 2017 dues was mistakenly recorded in 2016
      - This amount was the 10% deposit paid to AFEX in 2016 to lock in the Euro exchange rate for dues to be paid in 2017
      - So, 2016 SI dues were overstated while 2017 dues were understated by the \$11,654
      - This bookkeeping error has **no effect on Skål USA's cash on hand.**

### **2018 1<sup>st</sup> Quarter Income & Expenses vs. 2018 1<sup>st</sup> Quarter and Year End Budget:**

- Skål USA membership dues are 12.9% behind the anticipated amount for this point in time.
  - I believe this to be a “timing issue” with more clubs than anticipated being late in paying their 2018 dues
    - I anticipate end of April dues revenue will be more in line with anticipated amounts.
- Expenses for the first quarter are 2.3% (\$3,473) below anticipated 1<sup>st</sup> Quarter Budget
  - While dues to SI are \$12,562 below anticipated, Contract Services and Travel & Meeting Expenses are a combined \$10,071 above anticipated 1<sup>st</sup> quarter amounts
    - This is due to the new 2018 Management agreement which occurred after the 2018 budget was determined plus travel expenses incurred in connection with the anticipated formation of two new clubs.
- End result 1<sup>st</sup> quarter net income is \$28,034 below the amount anticipated for this.
  - While this definitely has our attention, we’ll continue to “Manage To Actual Cash Flow” as we go through the remaining nine months.

### **Cash on Hand:**

- As noted on the Balance Sheet, we had \$401,834 in checking, savings and certificates of deposit the end of March.

### **2018 Member Dues:**

- While the total amount due from various clubs the end of March, per the A/R Aging Summary, was significant at \$19,310, since then 2018 dues from most remaining clubs have been received and will be reflected in the end of April A/R Aging Summary.

### **Skål International Dues:**

- As reflected on both P&Ls, we have forwarded the Euro equivalent of \$110,000 to SI to cover the \$109,381 for 2018 dues with the balance being a credit to Skål USA.
  - This was the amount Skål USA had on account with AFEX when we locked in \$110,000 USD at an exchange rate of \$1.0939 USD = 1 Euro in March of 2017.
- On March 26<sup>th</sup> we contracted with AFEX for \$110,000 USD equivalent in Euros at a locked in exchange rate of \$1.2974 = 1 Euro
  - This is an 18% decrease in the value of the dollar to Euro 😞
  - This exchange rate will be reflected in the Skål International dues for 2019
  - We secured this exchange rate by paying AFEX 10% (\$11,000) which is reflected on the Balance Sheet

Please feel free to reach out to me should you have any questions regarding the above or attached.

Respectfully,

Alton Hagen, CMP, DMCP

VP Finance