



SKÅL USA AUDIT REPORT FOR THE YEAR ENDED DECEMBER 31, 2020

2020 AUDIT REPORT

Nashville, Tennessee

March 26, 2021

Attendees:

Eric Braendel, Skål USA Administrator
Arthur Allis, Vice President – Finance, Skål USA-2020 & 2021
JoAnne Ford, Senior Auditor, Skål USA
Robert Lowell, Junior Auditor, Skål USA

I. Purpose of the Audit

A systematic review of the financial records and accounting procedures of Skål USA was conducted March 26, 2021 at the Hampton Inn, Nashville¹. The Skål USA Auditors conducted this review in order to provide the membership an independent examination.

II. Audit Process

JoAnne Ford and Robert Lowell (hereafter, referred to as Auditors) reviewed 2020 records with Arthur Allis, Vice President of Finance for Skål USA—2020-2021 and Eric Braendel, Skål USA Administrator. The records provided to the auditors included the checking account, savings account, general ledger, expense reports, invoices, insurance information, Florimond Volckaert Fund records, AFEX Contract for purchase of Euros and Certificate of Deposit records. Quickbooks, the Skål USA Accounting System, was accessed and projected on a screen, which was easily visible. Additional accounting records were provided prior to the audit through DropBox for the auditors review. Inquiries re: any accounts or details were quickly accessed and reviewed.

¹ Nashville was the location of the 2020 audit as the Senior Auditor resides in Nashville. The availability of Cloud Based Data Storage and Quick Books accessibility make this possible.

III. Review of Previous Year's (2019 Audit) Auditor's Recommendations

The Auditors recommend for FVF a \$500 annual contribution from Skål USA. In the past the Skål USA contribution was calculated on a 10% of profit on the cost of goods sold. The current inventory of \$8,315.79 was completely written up in 2019.

*Recommendation was implemented. \$500 contributed by Skål USA in December 2020

The Auditors recommend that all Executive Committee members not covered under the annual travel insurance purchased (Skål USA President and ISC are covered) must purchase travel insurance for Skål USA venues. If insurance is not purchased Skål USA is not responsible for travel reimbursements due to delays, cancellations, etc.

*Recommendation was implemented and stated in MOI.

The Auditors recommend that the American Bus Association (ABA) submit a monthly invoice to the President and VP-Finance of Skål USA for approval and payment of their monthly contractual charges as Administrator.

*Recommendation was implemented and submitted quarterly.

A recommendation by the Auditors was made for those Clubs who sign up for the insurance coverage through Skål USA that the sign-up be made using electronic processing to ensure an accurate count.

*Recommendation could not be handled thru survey software. Handled through individual Club's email response.

The Auditors recommend that all Clubs conduct an annual audit of their Clubs' financials. An Audit Checklist is available and posted on the Skål USA website.

*Recommendation was implemented. Clubs were advised at AGM-May 2020

IV. Auditor's Recommendations for 2021 based on Auditing Year Ended 2020

The Auditors recommend that the Executive Committee evaluate if current travel expense percentage (50% of prior year's membership dues) is sufficient for 2022 due to drop in membership.

A recommendation by the Auditors was made for the Executive Committee to evaluate the Directors and Officers Liability insurance specific to the current claim amount per Club and the deductible.

The Auditors recommend that the Executive Committee discuss with Skål International the payment of annual Skål International and Skål USA dues as payment system changed in 2020 with new Skål International website.

The Auditors recommend Executive Committee consider wording of MOI related to annual election results – what specific information is given by Auditors to President and President to candidates and Clubs.

The Auditors recommend the Executive Committee implement a timeline for submission of Data Form of Club officers tied to NASC \$500 Club credit and/or Club of the Year.

The Auditors recommend Clubs be registered with their individual State with a Business License.

V. Financial

Organization Exempt Income Tax Filing:

This is the only required tax filing; which was completed by Steven M. Phelan, CPA, PLLC and filed for year-end 2019 on October 30, 2020 for a cost of \$850.

Insurance:

The underwriter for Directors and Officers Liability is Navigators Insurance Co. and the underwriter on Crime is with Travelers Casualty and Surety. A policy for Accidental Death & Dismemberment is with Berkley Life and Health Insurance Company. The Agent of Record is CEK. Thirty-nine clubs participated in the program (one Club participated in the Directors and Officers Liability only).

<u>Insurance Type</u>	<u>Cost</u>	<u>Cost/Club</u>
Directors and Officers Liability	\$ 7,047	\$180.69
Crime	<u>2,530</u>	\$ 66.58
	\$ 9,577	
Accidental Death & Dismemberment	N/A	\$ 500.00*

*No cost to Clubs. Paid by Skål USA directly

Crime Limit (Employee Dishonesty)	\$ 30,000	\$500 Deductible
Directors and Officers Liability	\$2,000,000 limit	
Accidental Death & Dismemberment	\$ 300,000	

Contracts:

American Bus Association Contract

Skål USA has an on-going contract with the American Bus Association as the organization's administrator for \$50,000 annually. Should either party wish to cancel said contract, a 90 day notice is required. The American Bus Association does not foresee any contract increase for 2021.

AFEX Contracts for Euro Purchases

The Executive Committee authorized the early purchase of Euros for payment of 2020 dues to Skål International. The purchase was made on December 4, 2018 at a rate of 1.1975 for 83,507.31 Euros with a down payment of \$10,000 and used to pay 2020 Skål International dues. Due to issues related to Skål International Digital Transformation, payment of 2020 dues to Skål International was held until Skål International provided Skål USA with a correct list of Club members.

No early purchase of Euros was made in 2019 for payment of 2021 dues as the Euro has remained constant at an exchange rate of around 1.10. There was also concern regarding Skål International's Digital Transformation and website and the future handling of Skål dues. The transaction to purchase Euros for 2021 dues was done on September 4, 2020. 80,000 Euros were purchased at a rate of 1.2044 for \$96,352.00 with a \$9,6235.20 deposit.

Novatross

There is an agreement with Novatross to develop database surveys and on-line questionnaires as needed by Skål USA. There is no financial obligation to Skål USA.

GoDaddy

Maintains Skål USA emails (1 year contract), hosting and domain names (3 year contract).

Litigation:

There was no pending litigation in 2020.

VI. Balance Sheet

The auditors reviewed the Balance Sheet, examined the Accounts Receivable, verified the CD investment and Euro purchases.

Investment Funds:

Balance sheet shows \$250,000 in Certificates of Deposit at Atlantic Union Bank as of 12/31/20. CDs that matured in 2020 were cashed out prior to year end. \$250,000 was used to purchase five \$50,000 CD's at an interest rate of 1.5%. The interest earned of \$15,352.62 was reflected on the 12/31/20 financials. The maturity dates of late 2021 for the new CD's reflect that for cash flow purposes the vast majority of Skål USA income is generated in the first quarter of the year.

<u>CD Number</u>	<u>Purchase Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
119700329	\$50,000	.150	November 5, 2021
119700426	\$50,000	.150	November 5, 2021
119700523	\$50,000	.150	November 5, 2021
119752221	\$50,000	.150	December 30, 2021
119752426	\$50,000	.150	December 30, 2021

Accounts Receivable:

The accounts receivable was reviewed and discussed relative to any deemed uncollectible. The Executive Committee approved in April 2020 to write off the \$500 NASC non-participation fee for six Clubs (Albany/Upstate New York, Orange Coast, Charlotte, Chicago, Los Angeles, Seattle) and a \$1,000 NASC non-participation fee for one Club (North East Florida).

There were a few Clubs with outstanding charges for the 2020, however, no concerns were expressed by VP-Finance.

Notes Receivable:

No notes receivable were noted 2020.

Inventories (Jewelry, Awards, Officer Pin, Etc.):

Inventory no longer tracked for said items. Any items from said inventory are recorded as merchandise sales.

FVF:

FVF donations collected over the course of the year are sent to Spain at the end of the year as a wire transfer fee of \$35-\$45 per transaction would otherwise be incurred. \$6,525.00 (including a \$500 Skål USA contribution) of 2020 contributions plus \$675 paid in 2020 but noted for 2021 was sent for a total of \$7,200.

Other Short-Term Liabilities:

No short-term liabilities were noted for 2020.

Long Term Liabilities:

No long term liabilities were noted for 2020.

\$1,111.68 from the closing of the Ft. Worth Club (2019) will be held in the Club Disbandment Fund for three years. Should the Ft. Worth Club reinstate, the monies can be used by the start-up Club. If not, the monies would revert to Skål USA after the three year period.

VII. Statement of Activities – Revenue

Revenue trails and Income shown in the General Ledger were verified and correct. Accounts from member clubs were reviewed. Quickbooks (used by Skål USA Administrator) reflect that Generally Accepted Accounting Practices are being adhered to.

VIII. Disbursements

The auditors reviewed disbursement in order to verify that payments have been disbursed in compliance with approved contracts, By-Laws, the MOI and Executive Committee minutes approval.

Two members of the Executive Committee are required to approve all disbursements prior to payment. The Auditors determined that proper documentation and applicable approvals supported disbursements.

Disbursements are made utilizing Wells Fargo payment services in lieu of cutting checks. The auditors approve this process. It is important to note that this procedure is endorsed as long as ABA handles Skål USA's accounting.

IX. Executive Committee Travel and Meeting Expenses

The following were verified: No unauthorized expenses; all reimbursements were for legitimate expenses; hotel, meal, airfare, mileage, gratuity policies were adhered to.

The Chart of Accounts were modified in 2020 to have all expenses associated with Executive Committee members attending NASC be included under the NASC Congress. All expenses for the Winter Executive Committee Meeting including the audit when held in conjunction with the Winter Executive Committee meeting be included under the Winter Board Meeting.

The By-Laws limit Executive Committee total travel and meeting expenses to 50% of the previous year's Skål USA membership dues collected. The 2020 Actual Travel and Meeting Expenses of \$24,753 equates to 18% of the \$133,955 2019 Skål USA Membership Dues collected.

The auditor's review of travel expense reports and supporting receipts showed compliance with policies and proper documentation

X. Administration

The dues payment to Skål International for 2020 was made on time with Euros secured in late 2018 at a rate of 1.1975 from AFEX. The option to purchase 83,507.31 Euros at the pre-determined exchange rate was contracted in December 2018. This eliminated the risk of losing dollars on the fluctuating exchange rate by setting and collecting Skål International dues on what the Euro actually cost Skål USA.

XI. Florimond Volckaert Fund

The Florimond Volckaert Fund is not held in a separate bank account. Accounting for the fund is found in Quickbooks under a separate ledger account that reveals the receipt of donations and their transfer to Skål International in Spain. In December \$7,200 was sent which included \$6,025 of 2020 Club donations, \$500 for Skål USA for 2020 and \$675 of 2021 donations.

XII. Budget

In the opinion of the Auditors the budgeted Net Income of \$(22,333) is reasonable due to the COVID-19 pandemic and its impact on the travel and tourism industry affecting Skål membership.

The 2021 Skål USA membership dues are based on a 27% reduction of the 2020 Skål USA dues and appear in line with forecasted reductions to the membership.

The travel and meeting expense budget for 2021 appears more in line with 2019 travel expenses as 2020 required little Executive Committee travel.

At the beginning of 2020, Skål International Orlando was scheduled to host the 2021 NASC, however was cancelled due to ongoing COVID-19 related issues. At the time of the audit, the Executive Committee had made the decision for a virtual NASC for 2021 on May 20 with members of the Executive Committee gathering in Orlando to conduct the meeting.

XIII. Review of Board Minutes

The Auditors reviewed the monthly Executive Committee conference calls, the Winter EC Meeting, AGM and NCM Minutes in order to determine of any issues that could have a financial impact and where needed were noted during the audit.

XIV. Administrator - Skål USA

In addition to the American Bus Association representing Skål USA, it also represents several other associations in the motor coach sector of the industry. The auditors do not see a conflict of interest with the American Bus Association and Skål USA in its representation of these associations.

Respectfully Submitted,

JoAnne Ford

JoAnne Ford (SI Nashville)

April 14, 2021

Skål USA Senior Auditor Date

Robert Lowell

Robert Lowell (SI Northern New Jersey)

April 14, 2021

Skål USA Junior Auditor Date