



**NAVY LEAGUE OF CANADA - LA LIGUE NAVALE DU CANADA
OTTAWA BRANCH - SUCCURSALE OTTAWA**

Financial Statements

**For the Period Ending
31 December 2017**



RCSCC FALKLAND



NLCC VADM KINGSMILL

NAVY LEAGUE OF CANADA - OTTAWA BRANCH
STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD 01 JANUARY TO 31 DECEMBER 2017

	December 2017	December 2016 <i>(comparative)</i>
ASSETS		
Cash (note 1)	\$22,880.24	\$8,477.06
Investments –Branch Funds (note 2)	\$50,315.00	\$50,000.00
Investments - Harold Gillis Summer Program Fund	\$97,923.29	\$96,000.00
Investments - B Wilson (Scholarship)	\$10,000.00	
Accounts Receivable (note 3)	\$125.00	\$125.00
Total Assets	<u>\$181,243.53</u>	<u>\$154,602.06</u>
LIABILITIES		
On Accounts		
Accounts Payable (note 4)	\$11,017.74	\$2,090.42
Deferred Revenue	\$0.00	\$0.00
Committed Funds (in cash) (note 5)		
Hal Gillis Summer Program	\$3,776.58	\$7,518.49
Cdr G.H. Dawson Memorial Scholarship	\$5,207.10	\$4,792.66
Bill Wilson Memorial Scholarship Fund	\$0.00	
Total Liabilities	<u>\$20,001.42</u>	<u>\$14,401.57</u>
EQUITY		
Earnings / Loss	\$15,155.43	
TOTAL Retained Earnings	\$161,242.11	\$140,200.49
Net Assets	<u>\$161,242.11</u>	<u>\$140,200.49</u>
Liability and Equity	<u>\$181,243.53</u>	<u>\$154,602.06</u>

**NAVY LEAGUE OF CANADA - OTTAWA BRANCH
CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD
01 JANUARY 2017 TO 31 DECEMBER 2017**

REVENUE

Membership dues (note 6)		\$100.00
Donations - Individuals		\$2,905.00
Donations - Legions, Bus.		\$19,341.14
Fundraising (note 7)		\$27,905.91
Branch Revenue		\$1,216.39
Falkland Income (note 8)		\$4,241.88
Kingsmill Income (note 8)		\$5,965.15
Sub-Total - Branch		<u>\$61,675.47</u>
Other Revenue held in Branch account		
Kingsmill canteen		\$1,947.00
Falkland Canteen		\$2,750.65
Falkland C&POs		\$1,186.15
Sub-Total - Other		<u>\$5,883.80</u>
Total Income		<u>\$67,559.27</u>

EXPENSE

Administration Expenses (note 9)		
Administrative	\$10,246.59	
Corps Support Activities	\$2,775.11	
Boats & Equip O&M	\$5,016.05	
Sub-Total Administration		<u>\$18,037.75</u>
Fundraising Expenses		\$3,131.00
FALKLANDS's Expenses (note 10)		
Admin/Office	\$0.00	
Band	\$189.28	
CO's Account	\$644.07	
Miscellaneous Cadet Expenses	\$189.61	
XMAS/MESS dinner	\$1,400.00	
Training	\$9,347.67	

	Supply	\$1,412.50	
	Sub-Total FALKLAND		\$13,183.13
KINGSMILL's Expenses			
	Cadet Expenses	\$1,005.70	
	Training	\$3,037.19	
	Competition	\$4,342.54	
	Community & Corps Activities	\$2,621.67	
	NL Officers	\$739.26	
	Div/Sqn/Corps	\$0.00	
	Sub-Total KINGSMILL		\$11,746.36
	Sub-Total - Branch		\$46,098.24
Other Expenses from Branch Account			
	Kingsmill canteen		\$1,840.16
	Falkland Canteen		\$2,936.29
	Falkland C&POs		\$1,529.15
	Sub-Total - Other		\$6,305.60
	Total Expenses		\$52,403.84
NET GAIN / (LOSS) (note 11)			
	From Branch Funds		\$15,577.23
	From Cadet accounts		(\$421.80)
	TOTAL Net Gain / (Loss)		\$15,155.43

NOTES TO FINANCIAL STATEMENTS

PERIOD ENDED 31 DECEMBER 2017

GENERAL

The Navy League of Canada – Ottawa Branch (the ‘Branch’) is a non-profit charitable organization sponsoring two cadet corps – A Navy League Cadet Corps for which the Branch is solely responsible, and a Sea Cadet Corps in partnership with DND – particularly during an ‘in-unit’ training period over the winter. In doing so it offers a Summer Program for both, various scholarships, and where possible participates in a variety of outreach and engagement activities in the community.

NOTE 1: ASSETS - Cash

All cash is retained in a single bank account. In addition to funds kept available for Branch and Corps operations, including ongoing summer and scholarship programs, in accordance with the approved budget, it includes cash holdings of the Cadets’ own canteens and messes. Their revenues & expenses are tracked and reported in the Income Statement as “other” than the Branch elements. The net difference is shown as an amount payable to them in the Balance sheet.

While the amount of Cash at the end of 2017 looks good, it is only \$2879 more than Liabilities, and the Branch would need to draw temporarily upon short term investments to execute the 2018 budget until TAG DAYs in the Spring.

NOTE 2: ASSETS - Investments

Investments are grouped in packages that recognize their undirected, partially directed, and directed natures. They are combined in both short-term and long-term (1 – 3 years) instruments that are refreshed annually to maximize their return over time. The groupings and investment certificates are shown in the following tables:

	as at 31-Dec-16	as at 31-Dec-17	
Table 1 - Investments - Branch Funds			
15 Month Term Deposit #7 @ 1.6% - Matures 03 Jan 17	\$10,160.44		Opening Balance 1 Jan 2017 <i>(corrected value – only principal reported before)</i>
			\$50,667.39
15 Month GIC 9 @ 1.7% - Matures 4 Apr 17	\$10,000.00		Additional investment (Transfer in)
			\$30,000.00
3 Year Fixed Term #5 @ 2.5% - Matures 17 Nov 17	\$10,506.95		Withdrawals (Transfer Out)
			\$31,184.14
18 Month GIC 13 @ 1.15% - Matures 21 Jan 18	\$10,000.00	\$10,115.00	Realized Gain on investment
			\$516.75
27 Month GIC 12 @ 2.0% - Matures 15 Oct 18	\$10,000.00	\$10,200.00	Unrealized Gain on investment
			\$315.00
28 Month GIC 15 @ 1.75% - Matures 24 Jun 19		\$10,000.00	Closing balance 31 Dec 2017
			\$50,315.00
31 Month Term Deposit #17 @ 2.15% - Matures 30 Apr 20		\$10,000.00	
3 Yr RateBuilder Term Deposit #16 @ 1 - 1.40% - Matures 15 May 20		\$10,000.00	
BRANCH INVESTMENTS TOTAL	\$50,667.39	\$50,315.00	

The vision for the Branch Fund expects it to hold a balance of not less than \$40K as a contingency fund. Interest from investments are applied to Branch scholarships managed through a scholarship fund (see note 5). Assuming no increase to the asset base, that supports \$1000 in scholarships annually in perpetuity at conservative current interest rates (\$1250 for 25 – 40 years).

Table 2 - Investments - H. Gillis Fund (Directed towards Summer Program)

30 Month GIC 11 @ 2.0% - Matures 4 Jul 18	\$10,000.00	\$10,200.55	Opening Balance 1 Jan 2017	\$96,000.00
30 Month GIC 10 @ 2.0% - Matures 4 Jul 18	\$50,000.00	\$51,002.74	Additional investment (Transfer in)	\$0.00
33 Month GIC 14 @ 2.0% - Matures 14 Aug 19	\$36,000.00	\$36,720.00	Withdrawals (Transfer Out)	\$0.00
INVESTMENTS TOTAL	\$96,000.00	\$97,923.29	Realized Gain on investment	\$0.00
			Unrealized Gain on investment	\$1,923.29
			Closing balance 31 Dec 2017	\$97,923.29

The direction for the Hal Gillis Fund is that it be used towards the Branch's Summer program for the cadets. The Board approved a long-term vision for the fund to ensure that a principal is available towards that goal for at least 50 years. Assuming no increase to the asset base, that supports \$3500 from this fund annually for 50 – 54 years at conservative current interest rates. This is managed through a separate Summer Program fund (see note 5), which combine this with other Branch fundraising efforts to meet its annual budget targets.

Table 3 - Investments - B. Wilson Fund (Falkland Scholarship)

31 Month Term Deposit #18 @ 2.15% - Matures 30 Apr 20		\$10,000.00	Opening Balance 1 Jan 2017	\$0.00
INVESTMENT TOTAL		\$10,000.00	Additional investment (started Sep 2017)	\$10,000.00
			Withdrawals	\$0.00
			Gains	\$0.00
			Closing balance 31 Dec 2017	\$10,000.00

The Bill Wilson Fund results from a directed bequest. The long-term vision adopted by the Board was to have this extend up to 25 years. At conservative current interest rates, this allows for \$500 scholarships annually starting in 2018

TOTAL of ALL INVESTMENTS

\$158,238.29

NOTE 3: ASSETS - Accounts Receivable
Accounts Receivable

Falkland Canteen Float	\$75
Kingsmill Canteen Float	\$50
Total	\$125

No invoices are outstanding for 2017

NOTE 4: LIABILITIES - Accounts Payable
Accounts Payable

Falkland Canteen	\$622.59
Falkland Chiefs & POs Mess	\$72.18
Falkland Band Donation	\$633.00
Kingsmill Canteen	\$341.29
Duke of Edinburgh	\$0.00

Marine Transport Solutions (HOWARD transport)	\$395.50
Port of Call Marina (HOWARD winter storage)	\$1,344.70
Logistik Unicorps (KINGSMILL uniforms)	\$7,608.48
Total	\$11,017.74

Three significant expenses were undertaken towards the end of 2017 for which proper invoices had not yet been received and, therefore, remained understood as due yet unpaid at the end of 2017. That included \$1740.20 for the transport and winter storage of the HOWARD, and \$7608.48 for new NLC uniforms.

**NOTE 5: LIABILITIES - Committed Funds
Scholarship & H. Gillis Summer Program Fund**

Commander G.H. Dawson Memorial Scholarship Fund	\$5,207.10
Bill Wilson Memorial Scholarship Fund	\$0.00
Harold Gillis Summer Program Fund (Cash on Hand)	\$3,776.58
Total	\$8,983.68

These have been termed “committed” as they are from the funds taken from the respective investments and held in the cash account. As the funds are directed in nature, they are treated as liabilities. This can lead to some confusion on occasion – for example, the current \$1740 HOWARD liability will come from the Summer Program fund in early 2018 when those invoices are finalized.

In 2017, no scholarships were granted. Most of the expenses for the HOWARD were covered by the Hal Gillis fund including \$2086.42 for a new engine cover prior to the Summer season and some minor O&M throughout the year.

Moving ahead, the Summer Program will be tracked as its own account rather than have its revenues and expenses spread in other accounts. As an example, a further \$2700 was received from the Gillis estate in March 2018, but rather than placed into the Gillis investment first, it was routed directly into the Summer Program fund it serves in view of expenses toward work on the HOWARD over the winter.

NOTE 6: REVENUE – Membership Dues and Donations

The low amount for membership revenues must be looked at in conjunction with the more significant amount of individual donations – which, beyond a few Board members, generated most of the memberships for 2017. There are a couple who donate very generously every year. Additionally, there are some lifetime members who make donations that do not increase the apparent membership level in any year. Lastly, the use of EFT for contributions had provided a few more members but was discontinued in early 2017 due to several programmatic difficulties encountered in trying to use it.

That said, the low membership numbers reflect the absence of a deliberate membership campaign for the last few years. In addition to increasing representation in the community, an increase in membership would result in more individual donations.

NOTE 7: REVENUE – Fundraising

Overall, organization (charitable) donations and Tag Day fundraising met the budget targets for 2017. However, of note, more than half of the charitable Donations revenue came from the \$10,000 bequest from the Bill Wilson estate. The last Spring Tag Day was challenged by having to be conducted on different dates by each Corps, but they were successful in combined revenue.

NOTE 8: REVENUE– Corps

KINGSMILL’s revenue to the Branch is largely from Registrations. In 2017, this well exceeded budget expectations. Of note for the Income Statement is that KINGSMILL’s revenue is distorted by \$2400 of revenue for the NLC Squadron Camp (offset by a corresponding expense) that was recorded through that account. While on their books, it was not truly Branch income.

FALKLAND’s revenue is primarily from DND LSA and GSA payments made toward their training costs but routed through the Branch account. Payments received were difficult to link to the activity it was for. This might explain how \$1587 in Old Year (for us, not DND) LSA received in early 2017 was recorded as Branch revenue rather than applied to the FALKAND

Income shown here. And the resulting total of DND LSA at \$3128 still fell well short of the \$5910 entitlement expected. Overall, FALKLAND was well short of budget revenue, and overspent on expenses in 2017. The branch is working closely with FALKLAND to tighten the Branch/Corps/DND loop on this transfer over 2018.

NOTE 9: EXPENSES – ADMINISTRATION

Administration expenses appear high as a proportion of Branch expenses; however, a few observations are relevant:

- The “Administrative” amount includes almost \$6300 for Cadet allocations to Ont Division – and that contained a payment of \$1080 for the 4th Qtr of 2016 allocation that was outstanding.
- The \$5016 recorded for “Boats & Equip O&M” includes about \$2215 for all boats, most of which was funded from the Hal Gillis fund as part of the Summer Program. The rest was \$2801 to lease the photocopier. Recommendations to cease that lease when it terminated at the end of 2017 were made at the last AGM. It was replaced in 2018 with a newer photocopier lease that will cost less than \$500 annually.

NOTE 10: EXPENSES – FALKLAND

The training Expenses at FALKLAND can be further broken down as follows:

Marksmanship	\$2,876.10
Seamanship Weekends	\$2,821.86
Sports & Activities	\$1,395.55
Sail Weekends	\$1,126.88
SCUBA Training	\$916.62
Training Equip & Biathlon Team	\$210.66
Total	\$9347.67

NOTE 11: NET GAIN/LOSS

Two of the cadet accounts started 2017 with a good balance, so still finish the year with a positive amount payable despite the net loss in 2017.

The large net gain showing for branch funds would be reduced to \$6228.55 had the invoices for the HOWARD and uniforms been paid rather than left as payable. And that positive amount was made possible by the \$10K Wilson estate donation late in the year.