



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

Financial Statements

Fourth Quarter

For the Period Ending

31 Dec 2018



RCSCC FALKLAND



NLCC VADM KINGSMILL

A handwritten signature in blue ink, appearing to be 'A. G. [unclear]', is written over a light blue circular stamp.

Treasurer

NAVY LEAGUE OF CANADA - OTTAWA BRANCH
STATEMENT OF FINANCIAL POSITION
at 31 DECEMBER 2018

	December 2018	December 2017 <i>Adjusted</i>
ASSETS		
Cash (Note 1)	\$29,877.11	\$22,880.24
Investments (Branch Fund) (Note 2)	\$70,490.00	\$50,315.00
Investments - Harold Gillis Fund (Note 2)	\$102,454.40	\$97,923.29
Investments - B Wilson (Scholarship) (Note 2)	\$10,215.00	\$10,000.00
Accounts Receivable (Note 3)	\$125.00	\$125.00
Accounts Receivable (DND DFTs)	\$321.91	
Total Assets	\$213,483.42	\$181,243.53
LIABILITIES		
		<i>Remaining Band Donation (\$633) moved to "Directed" funds</i>
On Accounts (Note 4)		
Accounts Payable	\$1,193.95	\$1,036.06
Committed Expenses	\$7,726.81	\$9,348.68
Deferred Revenue	\$0.00	\$0.00
Committed Funds - Held in cash (Note 5)		
Hal Gillis Summer Program	\$1,784.37	\$3,776.58
Cdr G.H. Dawson Memorial Scholarship	\$5,380.74	\$5,207.10
Bill Wilson Memorial Scholarship Fund	\$456.45	\$0.00
Total Liabilities	\$16,542.32	\$19,368.42
EQUITY		
Year (or to date) Earnings / (Loss)	\$31,858.23	\$15,155.43
Retained Earnings	\$196,941.10	\$161,875.11
Net Assets	\$196,941.10	\$161,875.11
LIABILITY and EQUITY	\$213,483.42	\$181,243.53

**NAVY LEAGUE OF CANADA - OTTAWA BRANCH
CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD
1 JANUARY to 31 DECEMBER 2018**

REVENUE (Notes 7 to 9)

Membership dues	\$240.00	
Donations - Individuals	\$2,879.28	
Donations - Legions, Bus.	\$10,992.88	
Donations - Directed (Branch Level)	\$14,982.86	
Fundraising	\$31,478.54	
Branch Revenue	\$3,754.44	
Falkland Generated Income	\$3,425.00	
Falkland DND Reimbursements	\$7,308.06	
Kingsmill Income	\$8,112.00	Incl directed donation
Sub-Total - Branch	\$83,173.06	
Other Revenue held in Branch account		
Falkland Canteen	\$2,268.85	
Falkland C&POs	\$40.00	
Kingsmill canteen	\$2,117.00	
Sub-Total - Other	\$4,425.85	
Total Income	\$87,598.91	

EXPENSE

Old Year (was in 2017 budget)		\$7,862.09
Administration Expenses		
Administrative	\$1,939.19	
Accommodation	\$2,758.59	
NLC / Division expenses	\$4,290.00	
Total Administration	\$8,987.78	
Fundraising Expenses		\$3,545.63
Summer Program		\$11,725.56
Scholarships		\$0.00

Falkland's Expenses

	Admin/Office	\$564.16	
	Band	\$1,466.79	Incl 2017 expenses
	Esprit de Corp (CO)	\$838.13	
	Branch funded activities	\$2,698.76	
	Mandatory Training	\$2,723.66	
	Optional Training	\$1,279.91	
	Supply	\$538.49	
	TOTAL FALKLAND		\$10,109.90
Kingsmill's Expenses			
	Cadet Expenses	\$1,333.66	Incl new equipment
	Training	\$3,652.80	
	Competition	\$633.10	
	Community & Corps Activities	\$4,040.44	
	NL Officers	\$80.00	
	Div/Sqn/Corps	\$55.37	
	TOTAL KINGSMILL		\$9,795.37
	Sub-Total - Branch		\$52,026.33
Other Expenses from Branch Account			
	Falkland Canteen	\$2,191.00	
	Falkland C&POs	\$22.59	
	Kingsmill canteen	\$1,500.76	
	Sub-Total - Other		\$3,714.35
	Total Expenses		\$55,740.68
NET GAIN / (LOSS)			
	From Branch Funds	\$31,146.73	
	From Cadet accounts	\$711.50	
	TOTAL to/from Branch Account		\$31,858.23

NOTES TO FINANCIAL STATEMENTS

For THIRD QUARTER 2018

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 in accordance with the approved budget, including ongoing summer and scholarship programs, 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.

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:

Investments - Branch Funds				
	as of 31 Dec 18	as of 31 Dec 17		
18 Month GIC 13 @ 1.15% - Matures 21 Jan 18	\$0.00	\$10,115.00	Opening Balance 1 Jan 2018	\$50,315.00
27 Month GIC 12 @ 2.0% - Matures 15 Oct 18	\$0.00	\$10,200.00	Additional investment (Transfer in)	\$40,000.00
28 Month GIC 15 @ 1.75% - Matures 24 Jun 19	\$10,175.00	\$10,000.00	Withdrawals (Transfer Out)	\$20,000.00
31 Month Term Deposit #17 @ 2.15% - Matures 30 Apr 20	\$10,215.00	\$10,000.00	Realized Gain on investment	\$630.09
3 Yr RateBuilder Term Deposit #16 @ 1 - 1.40% - Matures 15 May 20	\$10,100.00	\$10,000.00	Unrealized Gain on investment	\$805.09
18 Month Term Deposit #22 @ 2.5% - Matures 2 Feb 20	\$10,000.00		Closing balance 31 Dec 2018	\$70,490.00
12 Month Term Deposit #24 @ 3.0% - Matures 30 Oct 2019	\$10,000.00			
12 Month Term Deposit #25 @ 3.0% - Matures 31 Oct 2019	\$5,000.00			
12 Month Term Deposit #26 @ 3.0% - Matures 31 Oct 2019	\$5,000.00			
12 Month Term Deposit #27 @ 3.0% - Matures 31 Oct 2019	\$5,000.00			
12 Month Term Deposit #28 @ 3.0% - Matures 31 Oct 2019	\$5,000.00			
BRANCH INVESTMENTS TOTAL	\$ 70,490.00	\$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 sub-account (see note 5). Assuming no increase to the asset base from 2017, that supports over \$1200 in scholarships annually in perpetuity (46 years at \$1500) at conservative current interest rates.

However, in late Oct, \$20K in excess cash was transferred into Equity with 4 small short Term Deposits (#s 25 - 28). If left in Equity, scholarships totaling over @2000 could last over 80 years.

A \$10K GIC (#13) matured in Jan and was left as cash in the account until fundraising in TAG Days restored a healthy working balance. That principal was re-invested as Term Deposit #22 at the start of August.

GIC 12 matured and was restarted as Term Deposit #24 in October

Investments - H. Gillis (Summer Program)			
	31-Dec-18	31-Dec-17	
30 Month GIC 11 @ 2.0% - Matures 4 Jul 18	\$0.00	\$10,200.55	Opening Balance 1 Jan 2018 \$97,923.29
30 Month GIC 10 @ 2.0% - Matures 4 Jul 18	\$0.00	\$51,002.74	Additional investment (Transfer in) \$65,000.00
33 Month GIC 14 @ 2.0% - Matures 14 Aug 19	\$37,454.40	\$36,720.00	Withdrawals (Transfer Out) \$60,000.00
18 Month Term Deposit #19 @ 2.5% - Matures 2 Feb 20	\$20,000.00		Realized Gain on investment \$1,843.20
18 Month Term Deposit #20 @ 2.5% - Matures 2 Feb 20	\$20,000.00		Unrealized Gain on investment \$1,353.54
18 Month Term Deposit #21 @ 2.5% - Matures 2 Feb 20	\$20,000.00		Closing balance 31 Dec 2018 \$102,433.63
12 Month Term Deposit #23 @ 2.0% - Matures 2 Aug 19	\$5,000.00		
INVESTMENTS TOTAL	\$102,454.40	\$97,923.29	Diff still to be reconciled \$20.77

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 it would serve that goal for at least 50 years (to approximately 2068). The current balance supports over \$3600 annually towards the Summer Program from this fund at conservative current interest rates. The Summer Program is managed through a separate sub-account (see note 5), which combines this funding with other Branch fundraising efforts to meet annual budget targets.

Two GICs (#10 & #11) matured in July. The interest was placed into the Summer program, and the principal re-invested into the Gillis fund in smaller instruments with shorter terms (Term Deposits #s 19, 20 & 21) as rates likely to increase over next 2 years.

In 2018, the estate finalized its progress through the CRA resulting in an additional \$2700 interim payment (applied directly to the Summer Program for boat maintenance last winter), and a final \$6892 was received later in July. \$5000 of the later donation was placed in the HI Gillis fund (Term Deposit #23).

Lastly, a small discrepancy of \$20.77 (in our account favour) has yet to be resolved.

Investments - B. Wilson (Falkland Scholarship)

	31-Dec-18	31-Dec-17		
31 Month Term Deposit #18 @ 2.15% - Matures 30 Apr 20	\$10,215.00	\$10,000.00	Opening Balance 1 Jan 2018	\$10,000.00
			Additional investment (Transfer in)	
			Withdrawals (Transfer Out)	\$0.00
			Realized Gain on investment	\$0.00
			Unrealized Gain on investment	\$215.00
INVESTMENT TOTAL	\$10,215.00	\$10,000.00	Closing balance 31 Dec 2018	\$10,215.00

The Bill Wilson Fund results from a directed bequest. An initial scholarship in honour of this bequest will be made with branch funding in 2018. The long-term vision adopted by the Board was to have this bursary extend up to 25 years. At conservative current interest rates, this allows for \$500 scholarships annually starting in 2019.

TOTAL ALL INVESTMENTS \$ 183,159.40

NOTE 3: ASSETS - Accounts Receivable
Accounts Receivable

Falkland Canteen Float	\$75
Kingsmill Canteen Float	\$50
Branch Invoices	\$0
DND DFTs outstanding	\$321.91
Total	\$446.91

Direct Fund Transfer (DFT) arrangements for the Local Support Allocation (LSA) and for reimbursement of DND mandatory costs to FALKLAND were restored in 2018. Additionally, monitoring and tracking of claims submitted has also been improved. While deposits are recorded as a revenue to FALKLAND, the costs are advanced or paid up front by the Branch. Internal tracking of claims to DND by FALKLAND has been established and amounts not yet deposited will be listed as Accounts Payable to the Branch until they are resolved.

NOTE 4: LIABILITIES - Accounts Payable
Cadet Funds Held

Falkland Canteen	\$700.44
Falkland Chiefs & POs Mess	\$89.59
Falkland Band Donation	Moved
Kingsmill Canteen	\$403.92
Cuddie Donation	Moved
Total	\$1,193.95

Committed Expenses

Logistik Unicorps - Parkas	\$5725.81
Receiver General – for MOU	\$1
2017 Scholarships (2 * \$500)	\$1000
2018 Scholarships (2 * \$500)	\$1000
Total	\$7,726.81

NOTE 5: LIABILITIES - Committed Funds

Cdr G.H. Dawson Memorial/NLOB Scholarship Fund	\$5380.74
Bill Wilson Memorial Scholarship Fund	\$456.45
Hal Gillis (et al) Summer Program Fund	\$1784.37
Total	\$7,621.56

These have been termed “committed” as they are funds taken from the respective investments, other directed sources, or allocated by the Branch - and currently held in the cash account but not yet expended. As such, they are treated as liabilities.

Moving ahead, the existing “Dawson” fund will be exhausted over the next 4 – 5 years, but Scholarships will continue to be funded from Branch investment revenues. The Summer Program will be tracked as its own account rather than have its revenues and expenses spread in different accounts.

NOTE 6: DIRECTED FUNDS – (in budget)

FALKLAND Band Donation	\$633
William Cuddie Donation	\$5,296
Nickle Family Donation	\$2500
Total	\$8429

Some directed donations previously recorded as liabilities (Band and Cuddie donations) have been moved outside of the designation here as Liabilities. They, and other-directed donations, will be tracked within the budget to respect their directed requirements

NOTE 7: REVENUE – Membership Dues and Donations

Membership revenues must be looked at in conjunction with the more significant amount of individual donations they make. Most renewals include a donation, some particularly sizeable.

This period also saw some large directed donations (the Gillis estate as noted above, William Cuddie, the Nickle Family, and \$1652 in training and equipment from Maj Schmidt -Clever) with targeted effects at both Branch and Corps levels.

NOTE 8: REVENUE – Fundraising

TAG day revenues for 2018 were set with strong expectations given the large corps complements this year. Despite weather warnings and challenges to participation, they exceeded expectations setting two new single TAG DAY records. Much credit goes to the teams that planned/organized the sites and executed the events.

NOTE 9: REVENUE– Corps

KINGSMILL’s revenue to the Branch is largely from Registrations. Of note for the Income Statement is that KINGSMILL’s revenue is distorted by revenue for the NLC Squadron Camp (which is then offset by an equivalent expense). As such, while reported here, it is not truly a net revenue to the budget.

FALKLAND’s program through the year is funded by DND as well as the Branch, in accordance with the NLC/DND MOU and defined in CATO 17-34. As such, some of FALKLAND’s training expenses are funded by DND through LSA entitlements and allowed claims for training – through Branch accounts. This was originally incorporated into the FALKLAND budget plan, appearing then as a busy program with reduced expenses to the Branch, rather than as additional Corps income.

In practice, this was complicated through most of 2018. While advances from and reimbursements to the Branch for all training was to be linked to each activity by corresponding claims from FALKLAND to DND, that was not possible until later in the year. Improvements and adjustments, both externally at DND, and internally with the Branch/Corps, were functioning well by the Fall.

However, the transition to this final process through 2018 required that DND reimbursements be instead tracked separately as overall INCOME to FALKLAND against the full EXPENSES incurred. The net result is the same, but the distinction between Mandatory training (DND) or Optional training (Branch or shared) is harder to see. This distinction is still difficult to establish up front for other expenses that qualify for LSA.