



**Treasurer's Annual Report  
Ottawa Branch Navy League of Canada  
2018-2019**

**PORTFOLIO OBJECTIVE 2018-2019**

The long-standing portfolio objectives for this portfolio were to ensure funding in support of budgets for Sea & Navy League Cadets and Board Administration; make timely individual reimbursements and deposits regularly; and direct investment returns to our scholarships

At the last AGM, I undertook further objectives in support of the Board:

- Ensure the administration of Branch accounts is conducted in an appropriate and acceptable manner as an NPO that conforms with generally accepted accounting principals, and the requirements of NLC Division and National bylaws.
- Ensure the authority of the Board in the management of Branch financial matters through discipline and process in its practices.

**Achievement & Status**

- Programs that were executed were fully funded as they arose. Since Sept 2018, that has involved over 115 transactions totalling \$101,350 in deposits through 39 bank visits, and \$97,644 in expenses through 109 cheques. It was a busy training year! And there is still another \$4215 (approximately) and 5 transactions to go before this quarter gets finalized.
- The initial budget for 2018 had been developed with the intention of a slight deficit. However, it was not, in the end, realistic. Spending projections could have benefitted from more thought, and the latter half of the year was spent in ongoing revisions to counter significant under-spending. Exacerbating the situation was a much stronger than expected income. 2018 was a record setting year for TAG DAY results, there were three sizeable estate donations, and two notable directed individual donations.
- As a result, the 2018 FY ended in fact with a surplus of \$23,403. The budget for 2019 was designed to use up this surplus and is progressing as planned. An update to that progress of the 2019 budget to the mid point of this FY is included in this package.
- An Action Item to produce a written set of Financial Policies and Procedures is still outstanding. It will make everyone's role in the conduct financial activity and budget development/management much easier to follow.
- Canteens were left with a healthy balance at the end of 2018. This practice will continue.
- DND has made changes the processing and delivery of LSA and GA claims. While much improved, it can be slow and a time lag remains in the process. There is room to improve our internal process between Corps & Branch in preparing claims sooner.

**Recommendations for 2019-2020 Objectives**

Continue with the above objectives to improve the results obtained with more time for their understanding and application by users. In particular:

- Promulgate a Financial Policies and Procedures document immediately to standardize account procedures and budget management responsibilities (and authorities) by all stakeholders
- Investigate opportunities to use modern digital banking transaction processes to advantage – particularly with respect to EFTs and future fundraising techniques.

## **SIGNIFICANT EVENTS OR ACHIEVEMENTS OF THE PORTFOLIO**

- The development of the 2019 budget involved greater Board engagement and review to benefit from the lessons learned in 2018. As well, there has been greater effort by account holders to follow it for line activity and by the council to manage it overall.
- The Branch budget is getting more realistic. The mid-FY update provided shows the overall Branch revenues already at 72% achieved and forecast to exceed 91% by the end of the year. An outcome in excess of 100% is likely. Expenditures for the branch are currently at an overall average of 47% of the budget and forecast to end the year between 90-95% completed (of current budget).
- Revenues and spending are on track. An update to the budget will be done prior to Sept regardless to identify funds now available (eg contingency fund not used, March Break trip savings, 2019 LSA funds, etc) and additional opportunities for Council consideration.
- The consideration, initial approvals and execution of the FALKLAND March Break Trip demonstrated this improvement in Council budget management and stakeholder engagement. It was approved by the Council on short notice during budget final review, and just in time to confirm Branch commitment required for a large contingency amount. A new endeavor for both the VP SC and the Treasurer, integrating Branch administration with Corps planning required a lot of effort to complete arrangements successfully. A significant shortfall was identified near the trip start date. Branch options were assessed, and a response determined quickly. The administrative measures needed for national approval, while started at the last minute, were completed in detail and have become the Division standard for other Branches. Most importantly, an excellent program planned by the XO FALKLAND was flawlessly executed and thoroughly enjoyed by those who went. The Branch's ability to properly support such major efforts was proven.
- A Summer Program fund to coordinate the need for Branch standing funding and manage the draw on the Hal Gillis investments for augmentation over the long term was established, and a Branch Boats Officer appointed. Overall requirements to better manage all Branch boats and on-the-water requirements were seen with regular reports on all boat resources. 2019 Winter work requirements for the HOWARD and options were carefully considered and prioritized in a manner allowing for prudent fiscal judgement.
- Options for a safety boat to replace the Boston Whaler are being developed and investigated, arguably not in a fully cohesive fashion at present. Branch investments have a healthy reserve for the requirement and have been broken into smaller financial instruments for flexibility and higher returns over time.
- In addition to a Treasurer's report monthly summarizing the larger state of finances, a detailed set of Financial Statements are prepared for the council quarterly, allowing for a final end-of year statement for presentation in a recognized format to the Branch AGM and, eventually, other relevant authorities if needed.
- Outstanding scholarships were all funded in 2018, although the funds for a couple remain protected in our current cash account. The Branch maintains a separate Scholarship Fund (kept resourced from investment interest) and awards approximately \$2000 annually.
- At the Provincial AGM, the Branch successfully advocated for, receiving broad support from several other branches, the need for modernization of the accounting practices within the Division. We will be participating with another Branch in a trial of an online system being considered.

On related notes, a few other achievements over the year contributed to the Treasurer's objectives:

- the Branch website has been improved to disseminate documents and report's for Directors' review prior to discussion at Council. The use of the site still has a long way to go but will also serve other secretarial pieces such as motions, terms of reference, etc.
- Membership being restored – resulting in increased individual donations and offering possibilities for a more robust Council.

### **ISSUES AND CONCERNS**

- To keep all financial records, correct enough and complete requires a lot of time. Each transaction, once submitted, had to be logged, recorded in the Branch account register, allocated to one of several internal accounts, a bank deposit prepared, or a cheque mailed. Division requirements for subsequent tax receipts and HST recovery are extensive. Much falls behind when the original submission is incomplete or incorrect.
- Budget discipline is coming along, but is not adequately applied by some. This will improve with time and application,
- Council is not anywhere near more robust than last year – and is arguably worse. The status quo is not sustainable without new council members – in particular a Secretary and Membership Director
- NLOB must acquire a new safety boat this summer. Canoes need a replacement plan

### **RECOMMENDATIONS**

- Develop a Branch Policy & Procedures document (recommended at several past AGMs and allowed in Bylaws) for interim use ASAP and approval at the next AGM
- Increase and diversify membership with more proactive approach on Parents & Guardians, offering incentives to membership, regular outreach, and better engagement.
- Consider a broader participation criteria and new funding model for the NLC program.

### **SUMMARY**

- Our financial health is on track for this year, but we have several actions to complete – such as a new safety boat - and some organisational work to progress.
- The Branch has progressed in many ways towards a more effective posture for fiscal management, and must stay the course and build on the momentum gained.
- Many thanks to all for their patience in trying the new forms and ever changing process - and taking all the grief I may have given them on during the year.
- A BZ to the VP SC and CO/XO FALKLAND for the continuing efforts to improve Branch/Corps interaction.
- Much appreciation for the outstanding efforts of Tina Stone to organize the tagging sites for the long term, often with little or no help, and improving the productivity of the tagging teams that man them. The excellent results over the year speak for themselves!

Respectfully,

Gerry Powell