



Treasurer's Annual Report 2019-2020

Treasurer: Gerry Powell

PORTFOLIO OBJECTIVES 2019-2020

- The long-standing portfolio objectives for this portfolio have been 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

With a view to improved governance in and by the Board, further objectives were declared:

- 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.

Comments of Achievement Status

- Programs that were executed were fully funded as they arose. Submission for invoices or reimbursement have improved and payments were made expeditiously for the most part.
- As noted in the Financial Statements, we had again underspent on budget in 2019 and did not achieve the deficit level anticipated, BUT we did not have another surplus. On a positive note, that reflected a better attention to the budget planning than the previous year. As well, the Branch was able to contribute more to the Corps' XMAS dinners, and the canteens left in a healthy state for the new year.
- That left us with room to plan additional spending in the new year, such as more funding towards the replacement safety boat. The Boats Chair, President and I had been investigating many options and price ranges so as to have a boat in the water by the Summer. However, the COVID-19 crisis has removed the urgency for this summer and created uncertainties in our financial forecasts to consider.
- Jan, Feb and Mar were, as expected, not overly active from a routine Branch and training activities perspective. One exception was a significant payment (\$9337) for the extensive work done on the HOWARD over the winter in preparation for an important NLC summer program. At end June, we are looking at:
 - \$77,641 in the cash account (up to \$50K should go back to Term Deposits)
 - \$129,785 in Term Deposits
 - Accounts Receivable of at least \$2000 (+ possibly up to another \$4.3K in LSA)
 - Accounts payable in the order of \$2500
- Financially, it is yet unclear on what will happen with revenues and expenses. Looking at it from the perspective of the budget is perhaps the easiest way to see it at the moment:

REVENUES:

- 2 TAG days lost, and the 3rd is unlikely. Loss of about \$29K, or 47% Of revenues. Uncertain as to how we will fundraise in the Fall
- One \$500 award cancelled. Estimated \$6K from the Legions is in question
- Registrations will depend on how attractive we can make a likely virtual program
- Overall, can expect to drop from budget of \$61K to the \$20 - \$25K range

EXPENSES

- Branch ACR expenses mostly continued, but training activities ceased
- National and Division are not charging their allocations this year (so far)
- Generally, we can estimate between \$30-\$40K reduction in expenses
- The Branch is in the first group to roll out and trial the Division wide use of Quick Book Online (QBO) as a common finance tracking and reporting system. We will start in Jul/Aug, aiming for full implementation as of 1 Jan 2021.
- The Treasurer is also a Director at Large on the new Ontario Division Board of Directors, and serves on the Division Finance Committee. There are exiting considerations already under consideration may see the changes in business model within Division over the next couple of years.

Recommendations for 2020-2021 Objectives

There is a lot to be done this year. Much will happen simultaneously, so outcomes need to be fluid.

- Revamp the budget for short term requirements starting this Sept, and do complete review for planning purposes towards 2021 budget by December.
- Institute the branch internal changes needed to use QBO this fall
- Implement e-transfer for invoice payments and donations/dues process to extent allowed
- Modernize fundraising processes to the extent allowed – either online and/or remote fund transfer options (like Square One)
- Finalize a written document for Branch internal finance procedures – may require a flexible system that can be easily adapted as the situation and options evolve.
- Sort out remaining issues with LSA (lag, FY questions, internal procedures at Branch)

ISSUES AND CONCERNS

- The COVID crisis will have a significant NET impact on Branch revenues. We had maintained a strong reserve for ‘catastrophic’ contingencies in any year and can continue routinely for the next year. However, the long-term impact on revenues and expenses is as yet uncertain and needs to be assessed as best we can.
- The Branch still must acquire a replacement safety boat, and this will not be a small expense. For what we are looking for, we will likely spend \$13-\$15K on something used,

but have not ruled out \$20-\$22K for something new and capable that will last – again now subject to a review of our long term financial strength.

- Fundraising will need to be progressed in entirely new ways. This is being reviewed now, at the Branch, and Division levels as well, so that new approaches can be started this fall. There will be a lot of stakeholders involved, and many good practices to capture.
- We have maintained a steady program of annual maintenance work on the HOWARD, and some will be needed over the next winter. What work and how much we will spend needs to be determined prior to Dec this year.

SUMMARY

We are in a better state than most other Branches in the Province, and must count our blessings. While we have the two largest corps to support, we have capable team and are starting from a good financial position. We do not incur the same expenses for accommodations, and our revenue and support base in the community, to the extent we can draw on it, is stronger than average.

Our challenge is to use our strengths wisely in support of our cadets (new and retained), and set an example for other Branches to follow. This will not be easy...

Respectfully,

Gerry Powell