



Royal Canadian Legion Branch 480 - Westboro

Notes accompanying the proposed budget for 2017-2018

Responsible executive member: Dean McQuaig, Treasurer

Version 0.8 edited 3 April 2017

Version control{tc "Version control " \ 2}

Version	Action	Comments
First Draft (Version # 0.1), 11 March 2017	drafted on the fly during the third strategic planning session with input from Kyle Ryc, Jim Odell, Dean McQuaig, Carol Rault, Orrin Kerr, Cindy Cline, Doug Cody, Brent Craig, Chris Murphy, Eugene Lavigne and Patrick Warner	this is the first version of these accompanying notes for the RCL #480 2017-2018 Fiscal Year budget proposal. Current financial figures provided by Earl Stutt, Branch bookkeeper.
Version 0.2, 12 March 2017	Enlarged, reformatted, fact checking started (not finished)	edited by Patrick Warner, Financial Review (audit) Committee
Version 0.3, 18 March 2017	Draft budget created from the input that was received on or before 17 March	edited by Patrick Warner, Financial Review (audit) Committee
Version 0.4, 20 March 2017	Some material added because I had some spare time	edited by Patrick Warner, Financial Review (audit) Committee
Version 0.5, 21 March 2017	Some more material added as it came in (Lottery)	edited by Patrick Warner, Financial Review (audit) Committee

Version 06., 25 March 2017	The final deadline (24 March) for submitting budget input has come and gone. This version contains “white space” to show where the gaps are.	edited by Patrick Warner, Financial Review (audit) Committee
	This version will be circulated to the Executive ahead of the April 4 th meeting if possible.	
	Although Brent, Dean and Pat may be able to fill in some blanks, any accountable officer who doesn’t submit a budget request for 2017-2018 may not be helped out if time is tight... This draft will be shared with the President as soon as a clean draft is available so he has fewer there are fewer surprises to contend with.	
version 0.7, 27 March 2017	material updated based on late submissions and two submissions previously received by not incorporated	edited by Patrick Warner, Financial Review (audit) Committee
version 0.8, 03 April 2017	revised the strategic planning discussion and stripped the proposed Chart of Accounts out (put in MS Excel spreadsheet)	edited by Patrick Warner

Planned for Tuesday 04 April 2017	- first Tuesday, April 04, next Exec meeting, budget and accompanying notes will be shared with Executive at this session. Unless there is open rebellion, this version will be given to the webmaster for posting to the Branch webpage along with a request for input from members
Planned for 3 days later	- publish to branch website a week later or sooner
Planned for the Open House, Thursday 04 May 2017	- first Thursday of May 04, 2017, 7pm until 9pm, for Open House on the budget
Planned for about 18 May, 2017	- 14 days for final comments to give Treasurer time to print copies
Planned for General Membership meeting, 23 May 2017	Approval (or rejection) by the General membership meeting
Planned for 01 June 2017	New budget in force, management accounting/cost accounting data collection and reporting rolled out.

Executive Summary{tc "Executive Summary " \l 2}

Most businesses have a need for several specific plans that inform management of the Executive's intentions and expectations on behalf of the institution and membership. These can be divided into strategic plans and tactical plans.

Strategic plans tells an organization where it is going and defines how it is going to get there. If a strong strategic plan is in place, and members and management are very clear about three things:

- the Branch's competitive position in its market. Some leaders misjudge their market position because there is no reliable data that refute or confirms their ambitions. As such, the Branch is priced improperly against its value proposition.
- Members' priorities. What is at the top of members' wish lists and what are they willing to pay to ensure the Branch continues to meet their expectations?
- Projected revenues. How does the Branch plan to add members and finance needed capital improvements for the next five years?

Branches that don't have a clear understanding of these three foundational elements, most likely don't have an adequate strategic plan guiding their future direction.

What is strategic planning?

In ancient Greek, the word *strathgia* meant the art of generalship, of devising and carrying out a military campaign. The English word that derived from it, strategy, has been commandeered from the military lexicon and fully embraced by the business world. We suggest that there is no more important but misunderstood term in today's Legion vocabulary. So, first, a definition:

Strategic planning is simply the process of defining long-term goals and identifying the resources needed to achieve those goals.

A strategic plan is the document that results from a strategic planning process and defines the following:

- The Branch's vision or purpose for being in existence.
- Where the Branch club wants to be in five years in terms of its membership and financial position.
- How it intends to get there through a set of prioritized actions.

But what is simply stated is often much more complex in its development. For example, a strategic plan would anticipate and address questions such as the following:

- Is the Branch operating with a current capital expense plan and budget?
- Is a new hall or facility renovation planned?

- What are the Branch's membership goals? (Both the goals of the members and the goals or targets for attracting and retaining members...)
- How do revenue forecasts compare to projected expenses?
- How does the Branch plan to deal with competitive issues that will affect the market conditions and its ability to increase dues?
- Is the Branch taking steps to be economically sustainable in the face of changing demographics and political winds?
- What happens when unforeseen circumstances create financial instability?
- Does the Branch have a current crisis communications plan?

But some organizations operate without the guidance and discipline of a strategic plan. What's more, some are mistaken about what a strategic plan is—and isn't.

Maybe the biggest misconception is equating a budget with a strategic plan. At the end of the year, some organization leaders move their budget numbers a point or two in one direction or the other, often based on nothing more than a gut feeling, and then consider their strategic planning process complete.

Two important points to remember:

- connecting strategy to execution, and
- revisiting the plan on a regular basis

On the subject of change, esteemed management consultant Peter Drucker once said: *"It is not necessary to change. Survival is not mandatory."* We feel just as strongly about strategic planning, which often calls for changes in the ways a Branch thinks and operates. It is only important if you want to give your Branch its best chance to succeed.

In today's fragile economy and market conditions, the greatest threat to survival is financial instability. This is a condition that is brought on by any number of factors and circumstances. In communities where a single business or industry dominates, if a major bank goes under or an automobile manufacturer cuts back production and its workforce, the trickle-down effect will be felt all the way to the local Legion Branch. Or, if a group of influential members decides that the building needs a \$250,000 renovation and ramrods approval of a capital expense that revenues cannot match, the Branch might suddenly find itself on shaky financial footing.

Every business needs:

1. Contingency plans
 - a. Business continuity plan
 - b. Business recover plan
2. Human resources plans
 - a. Succession plan
 - b. Staffing plan
 - c. Training plan (for each employee)

3. Security plans
 - a. Locks, alarms, safes, strong rooms
 - b. Employee background and reliability checks
 - c. Fire safety plan
4. Capital Investment plans
 - a. Property
 - b. Ethical investing (if appropriate)

Current Status of Strategic Planning and Budget Preparation for 2017-2018 {tc "Current Status of Strategic Planning and Budget Preparation for 2017-2018 " \ 3}

As of 03 April, 2017, this document is incomplete because some Executive and Committee Chairs have not provided input. This is unfortunate because I cannot guess. Therefore no budget request has been made on their behalf.

In other cases, I have not been able to convert what I received into meaningful statements and financial projections.

There is still a need for a way to capture and track volunteer labour.

There are opportunities to pursue grants and donations for projects related to the Branch. These opportunities have been available for many years. It will become increasingly important to have “shovel ready” projects ready for new funding opportunities. These could include such renovation ideas such as the downstairs bathrooms, moving the bar, removing the posts etc but nothing that is ready at this time. The 4 major impediments to date are an actual plan of what we will be doing with the space, a person to take the lead of the project, actual architectural drawings and a person who can write a proper grant application.

This document was prepared to assist members and stakeholders to understand the makeup of the proposed 2017-2018 Westboro Branch Budget.

Patrick Warner
edited 03 April 2017

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Purpose{tc "Purpose " \l 2}

This document is meant to be read beside the 2017-2018 Branch Budget Proposal to provide further details and explanations of each business line and each budget line item. This information should help members better understand the scope and nature of our Branch's activities, and some to the challenges we are currently facing.

Background{tc "Background " \l 2}

Your executive has been conducting strategic planning sessions since February 2017, followed by business planning, project planning and budget development workshops.

In early February, following the resignation of both the Treasurer and the First Vice President, the President and newly promoted First Vice President requested a meeting with the Financial Review Committee (FRC) to discuss the state of the Branch's finances and to solicit any recommendations.

The FRC provided the President and 1stVP with advice and guidance:

- "must do - urgent and important" (find a Treasurer who is well qualified for the immediate crises ahead, take control of spending immediately by stopping all discretionary spending and reining in some of the unprofitable activities),
- prepare a budget for 2017-2018 that will point the new Executive down the right path to rescue this Branch, and
- do some strategic thinking about the future, because there won't be a future without some planning and action in the very near term.

A workshop for the entire executive including all committee chairs and appointees (eg Service Officer, Treasurer) was held on <add material>>

A second workshop was scheduled for two weeks later. In the second workshop, the group was led through the business planning tool known as the "Business Model Canvas". An example using the Branch Financial Review Committee as a business line, was prepared with draft expenses for next year. (The FRC does not have any revenues.) Each participant was given a homework assignment to attempt to document their responsibilities using the Canvas.

In this session, the participants did a "visioning" exercise that resulted in some "out of the box" thinking about the future of this Branch. The time horizons included 20 years, 10 years and 3 years. The group spent some time contemplating what decisions would have to be taken now to ensure the survival of the Branch. Three outcomes were defined:

- "more of the same/same as before". This will not solve the kind of serious financial problems we have today and will further guarantee the demise of this Branch in a very short time (we only have the ability to continue unchecked for a few short months - maybe as few as 4 months but more about this time next year, we would be unable to pay our current liabilities which is the definition of "bankrupt").
- take bold steps now to increase revenues significantly (a minimum of \$60,000 net of expenses a year, with a target of \$120,000 as ideal) to allow us to remain solvent. This would mean hiring a "hall rental agent" to market our downstairs hall very aggressively. An alternative is to find a reliable and steady client to rent the downstairs, in return for a predictable monthly income that would cover the costs and provide us with some funds to

pay down the bank overdraft and eventually (2-3 years from now) allow us to start putting some money aside for needed renovations and major building repairs. This would be a “Five Year Solution” (my term, editor)

There is general agreement among the Executive that we need an immediate increase in revenue to turn a sufficient profit to pay off line of credit in 2 (max 3 years). We recognized that fixed costs don't change no matter how busy we get and are overhead that must be properly apportioned to events and activities to get a full picture of what it costs us to do business. We also need to dilute our fixed costs over MORE output. It would be nice to cut expenses but that is not likely since operating the building is our major fixed cost. We could sell the building and cut costs... but that is not a quick solution. Variable costs will increase but so will revenue...

There are several views, identified during the “visioning” session, on how to achieve this future objective:

- “same as before” (won't fix anything - this is what has got us into this fix)
- merge/amalgamate with one or more other Branches? (not a solution if we are still broke and bringing a debt into the "marriage")
- choice of move downstairs and rent the upstairs, rent the downstairs to a reliable downstairs tenant (long term revenue stream), hire a hall rental agent to rent space for events (increases revenue but costs a lot to generate this income...)

And since the second meeting, Doug Cody and Patrick Warner met with Dovercourt (expecting a response soon). Dean McQuaig made overtures with Military Family Resource Centre. Patrick Warner worked on getting the door open to have a conversation with Veterans Affairs (setting up the meet...)

The third workshop was intended to work on the following issues:

- understanding our business lines will let us plan for next year which will lead to a budget draft
 - identify outputs (and outcomes)
 - identify performance measures/indicators of success
 - estimate resources (costs and revenues)
 - estimate marginal costs (cost of producing one more product or unit of service) (if demand changes, we have the means to estimate impacts and know if we have to take urgent action...)
- use the Business Model Canvas as an aid to planning
 - determine the goods and services we wish to produce as part of our mandate (those we must do) and those we should do (social contract with neighbours and the city) and could do/nice to do (if we have the resources)
- draft our performance measures (outputs and outcomes)
- determine the resources needed to produce those goods/services (and estimate revenues) to the standards set by those performance measures
 - fill out budget templates

- assemble the individual business line estimates into a comprehensive budget
- prepare a FIRST draft budget for discussion among the Executive AND members (an exercise in public relations and consensus building...)

In fact, we did not achieve everything and members were sent home with homework. We did work out the next steps and the following action plan covering the next steps to deliver the budget (below):

- draft budget input due by 17 March
 - final deadline for budget submission 24 March
- first Tuesday, April 04, next Exec meeting, budget assembled and shared with Executive
- publish the draft Budget to the Branch website no later than a week later
- first Thursday of May 04, 2017, 7pm until 9pm, hold an Open House on the budget
- ask that members take no more than 14 days for final comments to allow the budget development team time to consider each comment
- Treasurer to arrange to have copies for the general membership meeting
- general membership meeting May 23, 2017 to vote on budget
- 01 June, new budget in force, management accounting/cost accounting data collection and reporting rolled out.

If a fourth meeting becomes necessary, I would like to try to capture some some output figures for 2016-2017, and identify the outcomes we feel that we have achieved. The second part of this is to ask "should we do more or less or the same numbers in 2017-2018?" and "how much will it cost to do this in 2017-2018?". I want those numbers highlighted as performance measures. We can do some cost accounting to determine marginal costs and break-even points (if relevant).

It will be essential to have better cost accounting for better analysis. May need to either upgrade the accounting software or get some coaching for Earl to be able to better analyse the results and produce appropriate reports for MANAGEMENT DECISION MAKING.

We should be exercising rigorous fiscal discipline (using the time left in this mandate to learn what we can about running a tighter ship)

We need to plan the open house for members to discuss the draft budget and challenges.

Then, having consulted the membership, we should be able to build enough consensus and support for the 2017-2018 operational plan and the 2017-2020 strategic plan (next three fiscal years) and the three options for the future.

One of the result of this entire exercise should be better communications among the Executive, better trust, better accountability and maybe some faith that we know what we are doing...

We need to have the membership informed and engaged. We can't afford the time nor the energy which will divert this Executive from the real job which is to save and operate the Branch for ALL members (that is to say, do our fiduciary duty on behalf of the corporation and not be diverted from that legal duty...)

Business Model Canvas Template and Discussion{tc "Business Model Canvas Template and Discussion " \l 3}

One of the tools that the Executive used was a business planning tool called the “Business Model Canvas” template. It is used by business planners to gain a thorough understanding of what the business is doing and where the problems might be. It is essentially a series of questions (see below), although there is a tabular version for those who are more visual in their learning approach.

As you will appreciate, this has been a long and arduous process for the current Executive. To start with, not all members of the Executive decided to participate. Some had family or business responsibilities but others rearranged their personal plans to be there.

To help you understand the process, let me walk you through some of the thinking... As you approach the Business Planning Model Canvas, you should ask yourself “who, what, when, where, why, and how.” For example;

- "Who pays?" (which funding stream/revenue source?)
- "Who benefits?" What are the benefits?
- How much are these benefits worth to the person who pays? ALSO how much are these benefits worth to the person who receives them?
- How does this translate into a “willingness to pay”? (The price someone might pay...)
- What’s in it for me? (The so-called "Value Proposition"...)

For example (and this is NOT the official answer... it is just a “thinking” exercise...), consider the business line of “Visiting”.

- IF the person receiving the visit had to pay, how much would it be worth to them?
- IF the family or the hospital had to provide the same service, what would they be WILLING to pay a third party supplier (ie us the Legion) to deliver this service?
- IS there an existing commercial or private supplier who does the same thing and how much do they charge?
- IF you had to pay someone to do visiting, how much would we be willing to pay them to fill in/substitute for us if we were busy or not able physically to do visiting?
- HOW MUCH does it cost us to do visiting (especially if we really took the time to do visiting into consideration). Eg buying a veteran his favourite brand of shampoo or a box of Tim Bits, time it takes to go out of our way (Chris Murphy's way) to pick up that shampoo or drive through a Tim's on the way to the visit, extra gas spent driving around, receipts and reimbursement costs
- What could go wrong?

The actual “Business Model Canvas” is a table. The contents of the nine boxes are the following questions:

1. Key Partners
 - a. Who are our key partners?
 - b. Who are our key suppliers?
 - c. Which key resources are we acquiring from customers?
 - d. Which key activities do partners perform?
2. Key Activities
 - a. Which key activities do our value propositions require?
 - b. Our Distribution Channels?
 - c. Our Customer Relationships?
 - d. Our Revenue Streams?
3. Key Resources
 - a. What Key Resources do our Value Propositions require?
 - b. Our Distribution Channels?
 - c. Customer Relationships?
 - d. Revenue Streams?
4. Value Propositions (to specific segments)
 - a. What value do we deliver to this customer?
 - b. Which problems are we helping this customer resolve?
 - c. What bundle of products/services are we offering to this customer segment?
5. Customer Relationships
 - a. What type of relationship does this customer segment require us to make and maintain with them?
 - b. Which ones have we already established?
 - c. How are they integrated with the rest of our business model?
 - d. How costly are they?
6. Channels
 - a. Through which channels do our customer segments want to be reached?
 - b. How are we reaching them now?
 - c. How are our channels integrated?
 - d. Which ones work best?
 - e. Which ones are most cost-effective?
 - f. How are we integrating them with customer routines?
7. Customer Segments
 - a. For whom are we creating value?
 - b. Who are our most important customers?

8. Cost Structure

- a. What are the most important costs inherent to our business model?
- b. Which key resources are most expensive?
- c. Which key activities are most expensive?

9. Revenue Streams

- a. For what value is this customer really willing to pay?
- b. How are they currently paying?
- c. How much does each revenue stream contribute to overall revenue?
- d. For what do they currently pay?
- e. How would they prefer to pay?

If you ask and answer all of the questions in all nine categories, you will find out rapidly if a private business could make a profit doing this. Since some of the things we do in this Branch would not be profitable, we should still attempt this analysis, even if this is a classic example of estimating the social pricing of a “public good”. Even if you don’t recognize this expression, it reflects the worth of the service to others, some of whom may not actually benefit from the service, but who feel that “someone” should provide the service and if they were called upon to help pay, they would not object too much to paying some taxes for someone else to take care of this activity...

When there is no answer for one or more of these questions, it is a sign of a potential weakness in the business owner’s understanding of their business. Unanswerable questions are a warning sign. We have a few unanswered questions...

Alternative Template{tc "Alternative Template " \l 4}

For those who are uncomfortable with the above format, try this one which is based in project management principles, and are the suggested main headings in a Work Breakdown Structure (WBS) dictionary:

1. Task/function name
2. Responsible person
3. Task description (what work is authorized)
4. Quantified objectives (see the description in the project charter)
5. Product description (what is the end result of the task or workpackage)
6. Acceptance criteria (how will the team member be able to check their own work)
7. Deliverables (see the description in the prjoect chartert)
8. Assumptions
9. Resources assigned
10. Duration (timing if a one-time event, or the list of dates for a repeating event/activity)
11. Cost
12. Due date (related to #10 but not the same thing)
13. Interdependencies (before this task, after this task)

Value Proposition{tc "Value Proposition " \l 3}

Take another example. We run a fairly simple food and beverage business that competes with every other bar and restaurant up and down the street AND more importantly, with every other possible activity that any of our members might have planned for themselves, and perhaps their family and/or a guest or two. The bar license should be a license to print money. But we don't seem to be drawing customers in to enjoy our unique offering. This is because our value proposition is not satisfying enough for the vast majority of members and potential customers who choose the other eating and drinking establishments up and down the street.

Potential customers make decisions based on their perception of the Value Proposition of the choices they can make ALL THE TIME. Some of the questions a potential customer might ask include:

- what is that place like?
- is their food any good?
- will I like the atmosphere?
- are the staff good at their job?
- is there ample parking?
- is the place accessible in my wheelchair?
- what is this place known for? Is it their selection of draft beer or single malt scotchs?
- are the other people who go there having a good time? IF I GO, will I meet someone like me?

Hence the Business Model Canvas exercise. We can start driving our value proposition once we understand the business we are really in...

Accounting Software{tc "Accounting Software " \l 3}

We have not been using the full powers of the Branch's accounting software package (SimplyAccounting by Sage). We should be using the cost accounting tools to provide solid evidence on which to make decisions.

We also have not been counting the number of hours that our volunteers give each year. As a business, we have to know our true costs, and volunteers while appearing to be free labour, represent part of our contingent liability - if we couldn't find a volunteer, we would have to pay an employee or cancel the event. As a social service organization, we have to know the value of what we do so we can tell that story to bankers, the city, and the community at large. We do things that the city and the community would have to fund if we were not doing them already. And these days, the city and the community don't have the means (and sometimes the appetite) to pay for these sorts of things.

We should institute a simple tool to collect volunteer hours and report the results by several categories (bar volunteers, administration, management, customer relationship management, etc). While a paper collection method might cost very little in terms of cash, it will take hours to administer. There are inexpensive (free) volunteer management software tools available that will take most of the labour out of tracking volunteers.

Chart of Accounts{tc "Chart of Accounts " \ 4}

The bookkeeper has so far not provided the “dictionary” (definitions of what gets posted to each line item in the financial statements) to allow us to intelligently interpret the Chart of Accounts. Therefore the definitions and comments belong to the author of this document who is a bit irritated by the lack of cooperation... Keep that in mind when reading the descriptions and comments, some of which may not be what the “nice people” would refer to as ‘diplomatic’...

What do we do with all this information now?{tc "What do we do with all this information now? " \ 3}

The key to measuring results is knowing what you set out to do. So all this information is going to be useful when we try to explain to our banker, our clients, our stakeholders, the community and the city (eg the Mayor and Councillors) what we are doing and how well we are doing.

How do we claim these social advantages?

How do we squeeze money out of the Value Proposition that is us?

We publicize what we do WITH outputs and outcomes!!! On our website, in information to members, on our main notice board, on our closed circuit scrolling news bar on our TVS throughout the facility...

We use the performance numbers to manage resources better.

Measuring performance{tc "Measuring performance " \ 4}

Okay, I don't know if visiting extends lives or makes veterans and seniors happier - BUT I have to believe our work has value. BUT we CAN do a satisfaction survey with the people we serve, say 3 days after our visit... "did our volunteer help you with ____?", "are your spirits improved?". YES, all very subjective but better than not asking and not knowing...

<<< add a piece on “dashboard” and _____>>>

There are a number of accounting performance measures we should be tracking:

Cost-Benefit Analysis{tc "Cost-Benefit Analysis " \ 3}

For our budgeting and then routing management purposes, we need to appreciate the “cost-benefit” equation. And as you know by now, not everything that we do makes money. Some activities lose money. When your executive is called upon to choose whether to fund an activity that is planned to lose money, hence subsidize the event or activity, they implicitly examine the social pricing of the good or service and make a decision based on “will this be a good thing or a bad thing overall for this Branch?” Regardless of how they feel, if they decide to authorize the money losing event, the losses much come from some budgeted line item has unused cash.

Cash Flow{tc "Cash Flow " \l 3}

For too long, the Branch has relied upon the food and beverage operations to make a healthy profit so that Branch could afford to do pretty much whatever it wanted. Those days are over (unless we can turn the food and beverage portion of our business around). More on that later.

If you believe in the old adage "it takes money to make money," then you can grasp the essence of “cash flow” and what it means to any business.

The accounting “statement of cash flows” reveals how a business spends its money (cash outflows) and where the money comes from (cash inflows). We know that a business’ profitability, as shown by its “net income”, is an important investment evaluator. It would be nice to be able to think of this net income figure as a quick and easy way to judge a business’ overall performance. However, although accrual accounting provides a basis for matching revenues and expenses, this system does not actually reflect the amount the company has received from the profits illustrated in this system. The difference between cash and earnings is a vital distinction. Cash is a measure of “liquidity” - whether or not the business is taking in enough money to meet its obligations. Businesses go bankrupt because they cannot pay their bills, not because they are unprofitable. That is an obvious point but so often overlooked when one only looks at the business’s “income statement” and not the “cash flow” statement."

A properly prepared “Statement of Cash Flows” contains three distinct sections, each of which relates to a particular component - operations, investing and financing - of our business activities.

Cash Flow from Operations{tc "Cash Flow from Operations " \l 4}

This is the key source of a company's cash generation. It is the cash that the company produces internally as opposed to funds coming from outside investing and financing activities. In this section of the cash flow statement, net income (income statement) is adjusted for non-cash charges and the increases and decreases to working capital items - operating assets and liabilities in the balance sheet's current position.

Cash Flow from Investing{tc "Cash Flow from Investing " \l 4}

For the most part, investing transactions generate cash outflows, such as capital expenditures for plant, property and equipment, business acquisitions and the purchase of investment securities (we don't have enough money to worry about this latter category). Inflows come from the sale of assets, businesses and investment securities. For investors (the owners - the members), the most important item in this category is capital expenditures (more on this later). It is generally assumed that this use of cash is a critical necessity for ensuring the proper maintenance of, and additions to, a company's physical assets to support its efficient operation and competitiveness.

Cash Flow from Financing{tc "Cash Flow from Financing " \ 4}

In our case, most of the cash flow from financing is actually cash being borrowed from our overdraft. Debt and equity transactions dominate this category. Most businesses continuously borrow and repay debt. The issuance of stock is much less frequent. Here again for investors, particularly income investors, the most important item is cash dividends paid. Dividends are cash, not profits, that is used to pay dividends to shareholders. In our case, we don't pay dividends so this latter point is moot.

Cash Flow Analysis (Simplified){tc "Cash Flow Analysis (Simplified) " \ 4}

There is a point to this discussion of cash flow. We must be aware of when payments are due and whether we have the cash to pay the bills. If we ignore these two points, we will be unable to make decisions that are based on good management principles. (Some will say that we should just go ahead and write the cheques anyway. If we bounce a cheque, we are inviting close scrutiny by our bank manager... and he would be well within his rights to call the overdraft and ask us to pay it immediately (on demand). We do not wish this to happen...

A business's cash flow can be defined as the number that appears in the cash flow statement as net cash provided by operating activities, or "net operating cash flow", or some version of this caption. Some accountants consider the effects of depreciation, but for our purposes, we should stick with net operating cash flow.

Some cash flow analysis ratios are helpful in evaluating how well the business is doing at any point in time.

Operating Cash Flow/Net Sales{tc "Operating Cash Flow/Net Sales " \ 5}

This ratio, which is expressed as a percentage of a company's net operating cash flow to its net sales, or revenue (from the income statement), tells us how many dollars of cash we get for every dollar of sales.

There is no exact percentage to look for but obviously, the higher the percentage the better. It should also be noted that industry and company ratios will vary widely. Investors should track this indicator's performance historically to detect significant variances from the company's

average cash flow/sales relationship along with how the company's ratio compares to its peers. Also, keep an eye on how cash flow increases as sales increase; it is important that they move at a similar rate over time.

History of Free Cash Flow {tc "History of Free Cash Flow " \ 5}

Free cash flow is often defined as net operating cash flow minus capital expenditures, which, as mentioned previously, are considered obligatory. A steady, consistent generation of free cash flow is a highly favorable investment quality – so make sure to look for a company that shows steady and growing free cash flow numbers. The most important thing here is looking for stable levels. This shows not only the company's ability to generate cash flow but it also signals that the company should be able to continue funding its operations.

Comprehensive Free Cash Flow Coverage {tc "Comprehensive Free Cash Flow Coverage " \ 5}

You can calculate a comprehensive free cash flow ratio by dividing the comprehensive free cash flow by net operating cash flow to get a percentage ratio – the higher the percentage the better.

Free cash flow is an important evaluative indicator for investors. It captures all the positive qualities of internally produced cash from a company's operations and subjects it to a critical use of cash – capital expenditures. If a company's cash generation passes this test in a positive way, it is in a strong position to avoid excessive borrowing, expand its business, pay dividends and to weather hard times.

The term "cash cow," which is applied to companies with ample free cash flow, is not a very elegant term, but it is certainly one of the more appealing investment qualities you can apply to a company with this characteristic.

We are anything but a cash cow these days...

Business Lines

This is a description of the Branch “business lines” - the things we do, some of which make money while others cost us money.

For a discussion of the budget line items, see Budget Line Items.

Executive Committee{tc "Executive Committee " \ 3}

Senior Management Team{tc "Senior Management Team " \ 4}

President's Office{tc "President's Office " \ 5}

Accountable officer: President

The President is elected each year from among the eligible members to

- is the senior-most officer of the corporation and is legally liable for a variety of laws and regulations including health and safety, employment standards, remitting taxes, applying for/renewing licenses, etc.

- is the Chief Administrator of the Branch/is the Chief Executive Officer of the Branch (conflicting wording depending on the document consulted...)

- operating expenses
- Free Issues (food and beverage)
- attends Conventions (travel expenses)
- petty cash expenses
- personal out-of-pocket expenses

Convention Expense

The reason for this expense is to send voting delegates to the three conventions that will happen during the year. It is at these conventions the Branch has a say in the direction that the legion will take. It also provides a forum in which we can exchange ideas with other Branches. This networking provides new and different ways of looking at ways of doing business.

There are three conventions each year, Zone, District and either Provincial or Dominion (these are on alternate years) and the Branch has 5 voting delegates based on our membership in the previous year.

The branch sends alternates to the Zone convention in order that new members become involved in the next step of Legion governance

The branch traditionally pays the registration fees for the convention and all of the other costs (such as travel & accommodation) are paid by the member.

Immediate Past President{tc "Immediate Past President " \l 5}

Accountable officer:

- the Immediate Past President has no specific duties but has a wide range of responsibilities including providing his/her wise counsel, assisting where needed by the current President...
- does not exercise executive authority except as specifically delegated but may be asked to assume specific responsibilities, even chair a committee.

First Vice President { "First Vice President " \ 5 }
Accountable officer: First Vice President
- there are no revenue or expenses directly attributed to the position of 1st VP

Second Vice President{tc "Second Vice President " \l 5}
Accountable officer: Second Vice President
- there are no revenue or expenses directly attributed to the position of 2st VP

Third Vice President{tc "Third Vice President " \l 5}
Accountable officer: Third Vice President (vacant for 2016-2017)
- there are no revenue or expenses directly attributed to the position of 3st VP

Secretary{tc "Secretary " \l 5}

Accountable officer: Kyle Ric (2016-2017)

- the Secretary provides.....

- the work of the Secretary will cause some costs for photocopying, printing, computer time, and other administrative expenses, generally attributed to Branch overhead

Treasurer{tc "Treasurer " \l 5}

Accountable officer: Treasurer

The Treasurer is an appointed officer of the corporation to provide Even though the Treasurer is appointed, he/she is a member of the Branch Senior Management Team and exercises day-to-day leadership and management authority over the office staff....

- supervises the bookkeeper
- recommends the engagement of an accountant when needed
- prepares (the bookkeeper prepares) monthly and annual financial reports
- bookkeeping and payroll costs
- Professional fees - Accountant
- Professional fees - Auditor
- ATM operations
- credit and debit card facilities operations
- Grants and contributions
- Donations and Planned Giving
- City property tax remission
- Education tax remission

Standing Committees{tc "Standing Committees " \l 4}

The Chairpersons of the following standing committees are members of the Executive committee.

Membership{tc "Membership " \l 5}
Accountable officer (2016-2017): Jim Odell
*** no information received***
*** no budget items created***

Public Relations {tc "Public Relations " \l 5}

Accountable officer (2016-2017): Dean McQuaig

- Members' newsletter (editor: Bruce Poulin)
- Public Relations
 - Facebook page
 - Webpage (editor: _____)
 - Twitter account
 - advertising and announcements
 - community newspaper
 - city newspaper
 - radio (“community service”)
 - TV (“community service”)
 - Outreach
 - organizations with similar (veterans, seniors and youth engagement) objectives
 - etc

Business Model Canvas

1. Key Partners:

- Kitchissippi Times
- Metroland Media
- Westboro BIA
- Military Family Resource Centre
- Ottawa West Community Support Centre
- Redwoods Retirement Residence
- Jeff Leiper - City Counsellor
- AMICA
- Tubmans Funeral Home
- (Frontline?) Credit Union
- Yasar Naqvi, MPP

2. Key Activities:

- Administer and monitor Facebook Account
- Administer and monitor Twitter Account
- Post in community events section of local newspapers
- Create promo publications which are used in print and social media
- Distribute posters in hardcopy in local community
- Coordinate print ads for local newspapers
- Promote membership and the services at the Westboro Legion wherever possible.

3. Key Resources:

- Twitter
- Facebook
- Local papers
- The Bugler

4. Value Proposition:

- Reduction of isolation for those at risk
- Social impact – people feel good supporting their local Legion and Veterans
- Outreach into the community
- Community Engagement (bringing the community into the organization)
- Friendship and sense of community belonging

5. Customer Relationship:

- Reduces isolation
- Maintains connections between our members and patrons

6. Channels:

- 40% through traditional methods of print materials, telephone calls and word of mouth
- 25% through e-mail
- 35% through social media

7. Customer Segments:

- Veterans
- Community members
- Service Partners

8. Cost Structure:

<<<everything we do is free of charge to the Branch>>>
<<<watch for costs related to buying and sending out birthday cards being charged against this Committee... the only time that should happen is when the Lottery Chair asks for paid for advertising for the bingo which is charged to the Bingo funds (a simple “in and out” scheme)>>>

Budget 2016-2017

Income (revenue streams)

None \$ 0.00

Expenses

Cards – Store \$ 50.85
(not properly credited to this committee - try Membership or Legion Seniors)
Cards – Printed \$200.00
(same comment)
Postage - \$400.00
(same comment)

Total (\$650.85) (loss)

Youth Education{tc "Youth Education " \l 5}
Accountable officer (2016-2017): Carol Rault

1. Key Partners:
 - Schools
 - Judges
 - Volunteers
2. Key Activities:
 - Facilitating the contest
 - Judging the entries
 - Accepting submissions
 - Award administration
 - Thank-yous and follow-ups
3. Key Resources:
 - Youth participation
 - Teacher participation
4. Value Proposition:
 - Recognition of military contribution to Canada
 - Remembrance
5. Customer Relationship:
 - Connection to the Legion
 - Relationship with the teachers, principals, students
 - Those interested in military history and peacekeeping role of Canada
6. Channels:
 - School system
7. Customer Segment:
 - Those who recognize the importance of Remembrance to their family and to our country
 - Youth
 - Local community
 - Provincial ties
 - Federal ties
8. Cost Structure (2016-2017):
 - \$ 125.00 from general account
 - \$1,650.00 from poppy fund
 - \$ 200.00 donation from lottery account for public speaking

Volunteer hours to administer the awards ceremony: 55-60 hours

Poppy{tc "Poppy " \l 5}
Accountable officer (2016-2017): Doug Cody

The annual Poppy Campaign is the largest single project of the Westboro Branch in the year.

Manpower: Members, Ladies Auxiliary, Cadets, other Volunteers

Resources: wreaths, poppies, etc.

Money Comes In From: Individuals, businesses, schools, malls

*Note: All funds coming in are deposited into the Poppy Fund

Why Donate?: support veterans and remembrance (feel good, responsibility)

Expenses: poppy supplies, poppy campaign

Communications:

Pre – campaign: phone, email * 2 way

During campaign: phone, email * 2 way

Post – campaign: phone, email * 2 way, print and website (thanks to public)

*Note: Revenues directly to Branch \$ 0.00

*Note: Costs directly to Branch \$200.00 (approx) “thank you” breakfast for volunteers
paid from General Account

Donations From Poppy Account (where/how spent):

Branch – elevator, poppy storage

Cadets

Veterans – annual dinner, Christmas gifts, veteran
comforts, RCL Service Bureau, RCEL, etc.

Youth Education

Other – Meals On Wheels, etc.

Budget 2017 – 2018 requirements: \$200.00

*Track and Field*tc "Track and Field " \l 5}
Accountable officer (2016-2017): Carol Rault
*** no information received***
*** no budget items created***

Legion Seniors{tc "Legion Seniors " \l 5}
Accountable officer (2016-2017): Bob Crosier
*** no information received***
*** no budget items created***

Training and Organizational Development {tc "Training and Organizational
Development " \ 5}

Accountable officer (2016-2017):

*** no information received***

*** no budget items created***

Veterans Services (appointed){tc "Veterans Services (appointed) " \l 5}
Accountable officer (2016-2017): Chris Murphy

- Hospital Visiting

- Service Officer

*** no information received***

*** no budget items created***

Sports{tc "Sports " \l 5}

Accountable officer (2016-2017): Cindy Cline

- Wednesday Pool League
- Wednesday Games Club
- Bull Shooters/Saturday Pool
- Wednesday Bid Euchre
- Magic League
- Pool Table
- Thursday Winter Darts
- Sunday Winter Darts
- Sandbags

Elected Members of the Executive Committee{tc "Elected Members of the Executive Committee " \l 4}

The Executive Committee may also have up to six elected members. In the case of the Westboro Branch, some of the duties and responsibilities are delegated to the following elected officials:

Cadet Liaison Officer{tc "Cadet Liaison Officer " \ 5}

Accountable officer (2016-2017): Steve Craig

- Army Cadets
 - Air Cadets
 - Sea Cadets, RCSCC #40 FALKLAND
 - (?) Navy League Cadets, NLCC Vice Admiral Kingsmill #171- Ottawa
- *** no information received***
- *** no budget items created***

Honours and Awards{tc "Honours and Awards " \l 5}

Accountable officer (2016-2017): Doug Munroe

- cost of items to recognize volunteers

- annual Volunteer Dinner

*** no information received***

*** no budget items created***

Honours & Awards (provided by the President)

The branch has an Honours and awards program that recognizes work of the members and public in support of the Legion. There are four parts to this program

1. The formal recognition of years of service pins, executive medals & bars, Life membership and other Legion awards.
- 2 Volunteer recognition event for all people who assisted with one or more events during the year (this does not include working on the Poppy Campaign which is handled as a separate event)
- 3 Letters of appreciation and or plaques for those individuals or businesses that provide support (donations of goods and or services)
- 4 Preparing and submitting nominations for recognition to outside agencies such as governments (local, provincial or national) to recognise the members work in both the Legion and the Community

The Executive Committee may also have:

*Financial Management Committee*fc "Financial Management Committee " \l 5}

Accountable officer: Treasurer

- in Westboro, the Ways and Means Committee does SOME of the duties of a "Financial Management Committee, but not all. This may be a duplication of effort and it is recommended that these two be merged with the new fiscal year, under either name.
- the FMC is expected to prepare and propose the annual budget, and review proposed budget amendments before motioning the Executive to approve all but the most significant changes (routine expenditures do not require general membership approval). The FMC provides advice and guidance to the Executive Committee and the Senior Management Committee on the status of the Branch finances and recommended corrective action.

Ways and Means Committee {tc "Ways and Means Committee " \ 5}

Accountable officer: Treasurer

- in Westboro, the Ways and Means Committee does SOME of the duties of a “Financial Management Committee, but not all. This may be a duplication of effort and it is recommended that these two be merged with the new fiscal year, under either name.
- the Ways and Means Committee, in 2016-2017, under the Chairmanship of the former 1st VP, had taken the initiative in trying to provide firm financial leadership to the Treasurer and the Executive. For reasons that do not bear repeating here, the Ways and Means Committee was frustrated in its ability to achieve its goals, to the detriment of the Branch.
- the Ways and Means Committee is responsible for vetting all proposed events and activities that do not already have the express approval of the Executive, and all proposed budget amendments. The W&MC is expected to assess the impact on the Branch’s financial plans and status (present and future) and determine whether the proposal should be authorized. The W&MC does not have the authority to approve events or activities or budget amendments. The W&MC expects proposals to be submitted in plenty of time to allow for the proper financial tests to be applied.

Financial Review Committee{c "Financial Review Committee " \ 5}

Accountable officer: Chair/Secretary of the FRC

- this is an appointed position, as are the members of the FRC. The role of the FRC is to review the financial reports of the previous year and provide a certificate attesting to the completeness and accuracy of those reports, to the President. The President will provide this certificate to the Zone Commander.

Entertainment Committee{tc "Entertainment Committee " \l 5}

Accountable officer (2016-2017): Janet Richard

- Entertainment bookings
- Non-member music cover charge
- Trivia Night

<<< no information was provided in time for inclusion in this document>>>

(From the Branch website: “We love to party and we welcome everyone to join us for as we celebrate various observances throughout the year, including Valentine’s Day, St. Patrick’s Day, Canada Day, Halloween, Christmas, and New Year’s Eve. We also invite friends and neighbours to our New Year’s Day Levée. In addition, we often put on special events, like our Down East Kitchen Party, to raise funds for various charitable organizations.”

“We also commemorate three notable anniversaries in Canada’s military history: Battle of the Atlantic, Battle of Britain, and Remembrance Day.”

Food and Beverage Manager }tc "Food and Beverage Manager " \ 5}
Accountable officer 2017: Eugene Lavigne (appointed mid year)

- The Food and Beverage Manager (sometimes called the “Bar Officer”) is the day-to-day manager of the Branch’s food and beverage operations....
- sales of food
 - cost of goods sold
 - revenue
- sales of beverages
 - cost of goods sold
 - revenue
- bar supplies
- breakage and spillage
- stock shrinkage
- etc

Property Management Committee{c "Property Management Committee " \ 5}

Accountable officer: (currently Doug Cody, Immediate Past President)

- Security alarms and monitoring
- Locksmith
- Capital Projects Fund
- Building Fund
- Furniture and fixtures
- Hall rental fees
- Collections and display of militaria
- building and contents insurance coverage

Payroll

Salaries	\$19,000
EI	1,500
CPP	500
WSIB	350
Total	\$21,350

Utilities

Hydro	\$15,000
Enbridge	3,100
Water / Sewer	3,600
Cable / Telephone/ Internet	2,500
Security	500
Waste Disposal	900
Total	\$25,600

Cleaning Supplies	\$ 2,500
Kitchen Repairs	\$ 600
Building Repairs	\$ 3,000
Equipment Repairs	\$ 6,000
Elevator Expense	\$ 2,000*
Total	\$61,050

* Elevator repairs paid from Poppy Fund

Lottery Operations Committee "Lottery Operations Committee " \ 5}
Accountable officer (2016-2017): Doug Cody

Revenue to the branch lottery account comes from: Bingo, Nevada, 50 / 50, Raffles

People participate to:

- a. Support the Legion and its programs
- b. Chance to win

Expenses: All expenses to run bingo, Nevada, etc. are paid for from the Lottery Account.

Revenue from the Lottery Account to the General Account:

- a. \$75.00 for every weekly bingo held (Max \$3900 for the year)
- b. \$75.00 per Nevada box (Average of 8 boxes per year - \$600)
- c. 2% of ? funds to Building Fund

*Note: Remainder of funds in Lottery Account donated to charities and non-profit organizations as per lottery regulations.

Budget 2017 – 2018 requirements: \$50.00 postage (to send out donations)

Parade Commander{tc "Parade Commander " \l 4}

Accountable officer (2016-2017): Orrin Kerr for most events. Doug Munroe for the Vimy Centenary

Vimy Ridge Centenary (organizer: Doug Munroe)

<<< no information was provided in time for inclusion in this document>>>

Battle of the Atlantic Service (first Sunday in May) (organizer: Orrin Kerr)

The branch holds a service to recognize the members of the armed forces who laid down their lives in defence of our freedoms. This will be a small wreath laying ceremony at the cenotaph or at the branch. It may also be done in conjunction with a presentation about the battle. There are no plans for a parade in the coming year. There might be some costs for a display on that day.

Battle of Britain Service (around the 15th of September) (organizer: Orrin Kerr)

The branch holds a service to recognize the members of the armed forces who laid down their lives in defence of our freedoms. This will be a small wreath laying ceremony at the cenotaph or at the branch. It may also be done in conjunction with a presentation about the battle. There are no plans for a parade in the coming year. There might be some costs for a display on that day.

Remembrance Day Services (11 November) (organizer: Orrin Kerr)

The branch holds 2 official Remembrance Day Services on November 11. Service # 1 is held at Carlingwood Shopping Center at 11AM. This service is held as an outreach to accommodate the large number of seniors that are not able to attend an outdoor service. Traditionally we have 250 people attend this service.

Service #2 is held at the Westboro Cenotaph at 2PM. This service starts with a parade of Veterans, Cadets and other organizations. In addition there are normally students from the local school participating as well. There are about 200 people attending this event The Branch provides food (hotdogs) and drinks for the Cadets as they are coming from the national service and they need something to eat before their second parade of the day.

Remembrance Day Open House

On November 11 the public is invited to join us at the Branch after the Cenotaph service is finished. This provides a way of reaching the general public to show them what the Legion is about. There is entertainment in the afternoon. This is also a time that we use to recruit new members.

Ladies Auxiliary{tc "Ladies Auxiliary " \l 3}
Liaison officer (2016-2017): Laurie Cody

(Note this budget does not include the financial affairs of the Ladies Auxiliary who operate as a separate entity, albeit in our Branch.)

- Our Ladies' Auxiliary hosts various events as well, including euchre parties, Valentine teas, flea markets, and dinners.
- The members of the Ladies' Auxiliary are available to assist the branch in its activities. As the individual branches are the most important element in the structure of The Royal Canadian Legion, the Ladies' Auxiliary performs an integral role of the work of the Legion at all levels.

NEW COMMITTEES (Recommended){tc "NEW COMMITTEES (Recommended) "
14}

Information and Communications Technologies { "Information and Communications Technologies " \ 5 }

Accountable officer: to be determined

The future is now... and this Branch cannot resist the juggernaut of information and communications technology and the integration of formerly manual and analog functions into the digital world. We already own some ICT but we do not appear to have an investment plan to renew/replace the equipment we already have, nor do we appear to have a forward looking vision of what we might do to better serve members. This committee would be expected to do a needs analysis and make a plan that might span as many as 5-7 years, during which time, the Branch would slowly become wired and connected to a level similar but not the same as a commercial food and beverage business, like those operating in our neighbourhood (our competitors...)

- the future of computing is now and it looks like the "Internet of Things" (IoT). IoT is simply the interconnection of devices so that they communicate intelligently with each other and take over many manual functions from people. For instance, a simple system might monitor the fridge temperatures and report an unexpected high temperature, or it might monitor the temperature in the building and report unexpected high or low temperatures (taking into consideration the outside temperature and the season of the year, or detect an intrusion alarm condition, or an open window on the second floor, or a failure of the lift... The IoT could have a camera at the front door and count the number of people who walk by who look at our announcements, and then do a similar count after we change the notices - to see if the new notices are being noticed more or less than the old announcements!

- there are some fairly urgent items that need to be considered as soon as funding allows:
 - Point Of Sale (POS) with inventory tracking (feeding a stock level control function), hourly sales reporting (feeding business decision making), etc
 - webpage updating
- when time and money permits, we should be taking a good look at installing:
 - Computer server(s)
 - routers to interconnect the "Internet of Things" (IoT) in the Branch (eg fridge and freezer temperature sensors, water flow, motion detectors, thermostats, point of sales terminals, etc)
 - new computer workstations - office desktop computer
 - Computer - laptop
 - Computer - tablet
 - Cell phone - Smartphone and/or plain
 - Printer(s)
 - Fax machine
 - photocopier (owned or rented)
 - Scanner
 - Telephones
 - PBX
 - Wall monitors - information scrolling
 - DVD player/CD ROM player

- Digital TV boxes - owned/rental for cable TV
- big screen TVs (pay-per-view, closed circuit broadcast, entertainment)
- cable rental
- telephone service rental
- Internet service (monthly)
- WiFi service