



THE NAVY LEAGUE OF CANADA
ONTARIO DIVISION
TREASURERS' GUIDE

March 2024

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OBJECTIVE

The Guide has been developed to provide Treasurers with some key information on their responsibilities and financial transactions on behalf of their Branch. This will be augmented with additional information on QuickBooks Online (QBO) and Micharity (since Mar 2024, known as Stratly).

Branches are expected to manage their financial affairs and must plan to ensure they have the funds to pay expenses as they come due.

One thing to note is that ALL funds are the responsibility of the Branch to manage, and Corps should not have individual bank accounts. All financial transactions and bookkeeping entries must be handled through the Branch bank account(s). The Sea Cadet and/or the Navy League Corps are considered subsidiary accounts under the Branch. They should be established as such so that transactions can be monitored through the QuickBooks Online account for the Branch.

Any funds the Corps receive including a profit from the canteen, grants, donations, proceeds from fundraising, etc (**see exceptions note for licensed activities like Bingo, Gaming and Lotteries) must be turned over to and accounted for by the Branch.

*** There may be a requirement for a separate accounting and holding of proceeds from activities under a fundraising license like Bingo, Nevada tickets or your local municipality requires a separate account for fundraising licenses. Refer to your local OLG or charitable procedures for your local municipality. These may differ from area to area.*

TREASURER'S RESPONSIBILITIES

In the NL35s, the primary responsibilities of the Treasurer are to:

- Maintain financial records of the Branch including a record of all receipts and expenditures of Branch funds.
- Issue cheques for expenditures as approved by the Branch.
- Prepare and submit to the Branch Division an annual financial report; and
- Prepare and submit an annual budget as required by the Branch and Division

These can be further expanded with the following specific processes and/or procedures at the local level.

- a) Prepare monthly or quarterly financial reports and submit to the Branch for meetings and information. If you are entering the transactions monthly into Quick Books Online, this will be done automatically for you. The annual report can be obtained from QBO at year-end.
- b) Depositing all funds into the Branch account and maintaining up-to-date records of bank transactions and/or files of bank statements.
- c) Completion and verification of expense forms so that expenses can be reimbursed ensuring all approvals are correct and signatures are included (President, individual submitting expense claim) then ensuring that documentation is filed as part of the financial records with backup receipts and supporting information.
- d) Issue cheques/EFT transactions for expenditures as approved by the Branch and ensure that documentation is filed as part of the financial records with backup receipts and supporting information.
- e) Entering and updating financial data in QuickBooks so that monthly and annual reports can be produced. Please remember you can allocate sub-accounts to the main account headings to accommodate your specific needs. Refer to the Quick Books manual supplied by the Auditor.
- f) Retaining and safeguarding financial records of the Branch for seven (7) years and ensuring these are transferred when Treasurers change.

BUDGETS

References: NL 64 and NL 65 Branch relationships with NLCCs and RCSCCs

(refer to <https://navyleagueon.ca/branch-resources>)

Budgets are an important planning and accounting tool for Branches and Corps to forecast expenses and develop plans and priorities for expenses, fundraising, and short- and long-term financial accounting.

Proposed budgets should be developed and submitted by the Commanding Officer(s) of your Corps by the end of the training year on June 30th. The budget(s) should be reviewed and adjusted throughout the year as the financial situation changes and the training program rolls out. It should serve as a guide for decision-making and setting priorities.

The Branch budget should include several sub budgets including the Branch plans and priorities for what the Branch anticipates it will spend (and need to fundraise) as well as budgets for each of the programs supported by the Branch for NLCCs and/or RCSCCs.

To have the funds to support NLCC training and activities and RCSCC expenses not covered by the CAF, one of the key responsibilities of the Branch is fundraising as well as financial management and accounting. In accordance with the NL 64 and 65, the development of the proposed budgets for RCSCCs and/or NLCCs supported by the Branch, must involve the Commanding Officer(s) who play(s) a key role in identifying their estimated requirements for support of their training plan for the next training year. The Branch Treasurer should meet with the Commanding Officer(s) before the end of the current training year to begin the planning process and ensure a draft budget submission is developed and considered for approval by the Branch during the summer.

After consultation with the Commanding Officer(s) on the development of a budget, the Branch will be presented with a budget for approval and management of expenses related to NLCC and/or RCSCC training and activities.

HOW TO PREPARE AN ANNUAL BUDGET

The Treasurer should work with the Branch President and the Executive to develop the overall budget. Once you have completed your year-end, and you have the final \$ figure of the income/expenses, you are ready to start setting up the upcoming year's budget.

When preparing the upcoming year's budget for the Branch, you will also need to incorporate any budget submissions received from your Commanding Officer(s) and develop or review and update Branch plans for proposed or anticipated expenses, fundraising, income/revenue, operating expenses and charitable donations, taking into consideration the yearly plan for activities and events while also incorporating any items that the Branch has already approved, such as upcoming trips, equipment, competitions, awards, events, etc. RCSCC budgets should also factor in funds provided by the CAF, including the annual Local Support Allocation that should be used before raising additional funds for Sea Cadet activities.

When developing the upcoming year's budget, you should also review the previous year and consider if allocations were over or under-expended and factor in the increased cost of goods and services or significant changes to the Branch or Corps plans.

For example: If your Cadet Programme Budget was previously forecast at \$10,000, but you only spent \$8,500, and you anticipate that the plan will be similar for the following year, you could start with the actual budget or adjust it between forecast and actual. If you over expended the budget, you should review the training plan and adjust the forecast budget up to the actual amount spent or increase the budget by a factor of 10-15% more.

The cost of facilities and utilities is likely to increase each year and should be adjusted by 5 – 10% to allow for adjustments and rate increases that cannot be easily forecast. If you rent your training facility, you should review the lease or rental agreement and plan accordingly for any potential change or increase. If you own your training facility, you will need to factor in all utilities and building costs, including maintenance and the potential for unforeseen repairs or upkeep.

In addition to anticipated expenses for the Branch and/or Corps, you should consider any sources of revenue and income through charitable donations, dues, canteen revenue, fundraising, grants, LSA funds from the CAF for RCSCCs, etc. The budget should estimate an average annual income amount based on previous years and the adjusted as the year progresses. The income or revenue portion of the budget is an important tool in planning fundraising activities and the approval process for NLCC and/or RCSCC budget approval by the Branch.

Each budget must be approved by the Branch, either as an overall comprehensive Branch budget that includes the Corp(s) budget(s) or individual budgets and remember that the budget is to be considered

an initial guide for planning and decisions, but a budget may be revisited and revised any time over the year to adjust and update plans and priorities.

***AN APPROVED BUDGET DOES NOT GIVE APPROVAL FOR THE ITEMS IN THE BUDGET, IT IS ONLY A TOOL FOR FINANCIAL PLANNING.**

****ALL EXPENSES MUST STILL BE APPROVED BY THE BRANCH IN ADVANCE OF ALL EXPENDITURES AND DOCUMENTATION MUST BE PROVIDED FOR ACCOUNTING BEFORE AND AFTER PURCHASE OR PAYMENT.**

QUICKBOOKS ONLINE

Ontario Division has implemented the use of QuickBooks Online (QBO) for Branches and the Division to allow for consistency of accounting and online access to information for auditing, reporting, and financial management.

Training is available to Treasurers who are not familiar with the use of the program and the Division can assist with entries and processes.

QuickBooks entries are to be made monthly unless there is very little activity within your Branch or your Bank account, then quarterly is fine. However, you must continue to do monthly reconciliations to ensure your QuickBooks ledger matches with your bank account.

Ontario Division will review the Branch QuickBooks ledger quarterly to ensure that all transactions have been entered correctly, monthly reconciliations have been completed and year-end reconciliations have been done.

The Division will follow up with the Treasurer to address any issues or assist with entries and processes. Any concerns/questions you may have can be directed to the Executive Director of Ontario Division.

REPORTS AND RETURNS

Monthly reconciliations

Branches should conduct monthly reconciliations in QuickBooks online. Ontario Division will review the Branch QuickBooks ledger quarterly.

Year-end reconciliation

Branches must complete a year-end reconciliation in QuickBooks online so that an audit of Branches and the Division can be completed.

THE BRANCH BANK ACCOUNT

All funds received are to be accounted for and held by the Branch in a Branch bank account.

As noted earlier, there may be a requirement for a separate bank account for proceeds from activities under a fundraising license like Bingo, Nevada tickets or your local municipality requires a separate account for fundraising licenses. Refer to your local OLG or charitable procedures for your local municipality. These may differ from area to area.

All withdrawals shall be made in accordance with the Ontario Division policies and procedures for cheques and pre-authorized payments.

All Branches shall have three (3) authorized signors but only two are required to sign cheques. A signing authority shall NOT sign a cheque payable to themselves, the personal business of a close relative, except in the most extenuating and unusual circumstances with written authority that will accompany the cheque request and any copies of the cheque. Documentation must accompany all cheque requests and/or payments by cheque.

DEPOSITS

All funds should be deposited on a regular basis and as soon as possible following receipt no matter the size of the deposit. Cheques and cash must be safeguarded to ensure they are not misplaced all too easily resulting in a loss or stale dating, and donors potentially wondering if their money was received and allocated as per their wishes if it is not acknowledged with a letter and/or tax receipt in a timely manner.

When depositing funds, ensure that you make a note of what the deposit is for, such as chocolate sales, membership, donation, etc in the memo field on the deposit. If people are doing electronic deposits, there is no deposit slip to accompany the deposit so this will have to be noted separately by some other means.

PAYMENTS

Invoices, receipts, and approval documentation related to any payments must be verified before signing cheques or making payments by EFT and must be recorded and kept on file. The cheque number, date, and amount of the cheque should also be written on each invoice. Backup information should be added to the “notes” section for all EFT transactions.

If a cheque is prepared and not issued or returned and not cashed, it should not be disposed of or destroyed, instead, it should be kept with the financial records. The Treasurer should write VOID across the cheque and the stub and either blackout or tear off the signature portion.

ELECTRONIC BANKING

Branches with bank accounts that allow for electronic banking are to ensure that documentation is completed, signed, and filed for approval of payments in the same manner as would have been the case for issuing a cheque or payment from the Branch account.

All pre-authorized payments (PAP) and electronic funds transfers (EFT) transactions must have an approval form signed by 2 of the authorized signing authorities (as per cheques)

EFT reimbursement requests must be accompanied by a reimbursement form signed by 2 authorized signors.

A copy of the email receipt and bank statement is required as a corroborating document for EFT deposits.

******IMPORTANT NOTE******

PERSONAL EMAIL ADDRESSES CANNOT NOT BE USED TO RECEIVE ANY FORM OF PAYMENT.

It is the treasurer’s branch email address (branchname.treasurer@navyleagueon.ca) that is preferable to use to receive all electronic deposits for donations or fundraising activities.

Note: All Branch Treasurers should use the Branch Treasurer's email address assigned by the Ontario Division. If one has not been assigned to you yet, contact ed@navyleagueon.ca .

AUTHORIZATION AND USE OF CORPORATE/BRANCH CREDIT CARDS/DEBIT CARDS

There may be banking arrangements that allow for a credit card to be associated with a Branch bank account. **This is not always required, and Branches must implement greater care and diligence if a credit card is issued for use** supported by Division and Branch policies and procedures about the use and safekeeping of the card. These policies must ensure that cardholders are responsible for exercising due care and judgement when using corporate credit card and use is authorized and closely accounted.

Debit cards are not authorized for use with Branch bank accounts and should not be issued to any signing authorities. However, banks may issue an “Account Access card” that will allow for online transactions and access to statements plus being able to make deposits at ATMs. These are different than debit cards that also allow withdrawals at ATMs and purchases directly from bank accounts through tap and a PIN.

Card holders should be limited to the Treasurer and/or Branch President and all use of the card must be preapproved and documented with supporting receipts and authorization/approval.

Cards must be surrendered immediately with the change of position or prior to the departure of the individual to whom the card is issued.

Navy League of Canada Policy on the Appropriate Use of Corporate Credit Cards/Debit Cards:

- The appropriate uses of the corporate credit cards and/or account access cards are specified in the Navy League of Canada policies and procedures. Before issuing a card and authorizing use, corporate credit/ access card policies and procedures must be reviewed with cardholders and acknowledged in writing to the Division and Branch.
- Access cards allow for online transactions and access to statements plus being able to make deposits at ATMs. These are different than debit cards that also allow withdrawals at ATMs.
- Branch credit/account access cards are only for the use of the authorized individuals to whom they have been issued and may not be transferred to, or used by, any other party.
- Appropriate approval of the expenses must be obtained from the Executive of the Branch in writing in advance of any use of the card(s).
- Branch credit cards are to be used only for authorized and pre-approved expenses incurred in relation to Branch and/or Corps requirements and budgets. All expenditures must be supported by receipts and supporting documentation for pre-approval. If receipts are not, those charges shall be reimbursed personally by the cardholder.

- Branch credit cards will be subject to the current approved limits of \$2,500 for Branches. Cash advances are not authorized and shall not be available on the corporate credit card.
- A financial management and review/verification process must be put into place by the Branch to ensure corporate credit/access cards are used in accordance with established policies and procedures..

Examples of suitable use of a corporate credit/debit card include:

- Payment for preapproved League or Branch related travel, meals, and hospitality in compliance with established policies and procedures
- Preapproved and authorized tokens of appreciation for voluntary services or guest speakers such as presentation item – crest, engraved item from the Branch or Corps

Examples of inappropriate use of a corporate credit/debit card include:

- Personal charges, such as booking personal travel
- Lavish gifts
- Split value of purchases between several transactions to circumvent approval limits.

DOCUMENTATION AND ACCOUNTING FOR CREDITS/REVENUE/DONATIONS/INCOME

There are several typical categories of credit to account for income into Branch accounts and each of these may require a slightly different method of accounting and documentation.

Income or revenue will typically be generated through the following:

- Charitable donations – these can be items or money for which there may be a tax receipt issued.
- Gifts from Charities - Monies received as gifts from other registered charities such as the United Way, Legions, Service Clubs, etc.
- Government Grants, Rebates, or Reimbursement – Monies received from Federal, Provincial, or Municipal Governments or their Agencies (LSAs from DND, Trillium Fund, rent relief during COVID, rebate programs, etc)
- Fund Raising Income – Monies received that do not require a tax receipt (tag day receipts, chocolate sales, lottery tickets, canteen profits, bingos, etc)
- General revenue – Monies received from rental of space or equipment to other groups or activities, etc.)
- Interest – Interest earned on bank accounts or investments.

SEA CADET LSAs (LOCAL SUPPORT ALLOCATION) from DND/CAF for Sea Cadet Corps

Further information on the Local Support Allocation Cadet Corps/Squadron is available in CATO 17-34 and the direction from Regional Cadet Support Unit Central (RCSU) .

Local Support Allocation (LSA) funds are allotted through DND/CAF to each corps to mitigate financial and fundraising pressure on local ranches and may be used to purchase a wide range of items to support Corps (name will change to Corps/Sn Support Allocation over the next year)

Each year, every Corps is allocated a certain amount of funding according to the strength of the Corps and DCO receives a letter with this information from RCSU.

Be proactive and plan early – Branch Presidents should co-ordinate with the RCSCC CO and try to spend the allocated amount before the end of March. Additional funds may be available if you have a plan and make a timely request.

The claim submission process includes a signed statement of concurrence from the Branch President on the CF52 Form completed and signed by the CO. Once claims are reviewed by the RCSU for compliance and if all is in order, approved reimbursements will be paid and deposited into the Branch account for the Corps by electronic funds transfer.

Effective August 2021, LSA categories identified in CATO17-34 have been combined into a single lump sum, calculated at \$600 per Cadet Corps plus \$45. per cadet (based on average registered strength each year.

***Note that the amounts listed here can vary. The corps should consult with the RCSU to determine if adjustments to these amounts have been made.*

Until further notice, eligible LSA expenditures will be restricted to:

- a) Facilities required for the administration and conduct of local programming, including utilities (rent, telephone, electricity, etc);
- b) Purchase/rental of supplemental training equipment that enhances the delivery of programming;
- c) Registration/entrance fees for optional activities, including activities conducted through virtual means; and

- d) Any other reasonable expenditures in support of the administration of the cc/sqn, not provided by the Canadian Armed Forces (CAF), excluding all non-eligible expenditures as per CATO 17-34.
- e) LSA submissions must be developed in cooperation between the Branch and the RCSCC CO with a signed statement of concurrence by the Branch President.

Corps will have two submission options;

- a) Corps do not require a pre-approved spending plan, and if they are confident their claimed expenses are eligible, they may submit a C-52 claim directly to the RCSU 18 for approval and reimbursement, or
- b) To ensure eligibility of planned expenses for reimbursement, Corps may obtain pre-approval of intended expenses by submitting a LSA Planning Form. The LSA Expenses Planning Form may be submitted electronically to the applicable RCSU elemental J5 Plans Officer by completing the MS Form found at: <https://forms.office.com/r/DTL16yvpbe> . Planning forms should be submitted NLT end Sept of each training year. Upon receipt, the J5 Plans Officer will review the spending plan to ensure compliance with CATO 17-34 and/or seek additional info from the Corps. Once approved, the J5 Plans Officer will send an electronic copy of the approved plan to both the Corps and J8. The Corps may then proceed with their planned purchases and submit their CF-52 claim directly to the Regional Cadet Support Unit (RCSU) J8 for review and reimbursement.

Branches and Corps should ensure that every effort is made to expend the LSA as early as possible in the DND Fiscal Year, which ends on March 31 each year. To this end, Corps are encouraged to claim all eligible items as soon as they occur and make any LSA-specific purchases as soon as possible.

Note: Corps that have not expended their full allotment of LSA by Dec will be required to submit a spending plan demonstrating how they will expend their allocation before the end of FY, or face having their LSA canceled and reassigned.

Claims are to be submitted to the Regional Cadet Support Unit (RCSU) J8 within 30 days of the expense being incurred. Branches and Corps should ensure claims are properly completed, and that all receipts are attached. Claims will be reviewed for compliance and, if all is in order, approved reimbursements will be paid directly to the Branch account by electronic funds transfer. The following documentation is to be submitted to the RCSUJ8 in order to process the claim:

- a) CF-52 (completed in full, signed by CO and with signed statement of concurrence from the Branch President;

- b) Annex A-LSA Receipts Listing worksheet;
- c) Original receipts showing paid in full/zero balance owing'
 1. Staple receipts to a blank paper, side by side;
 2. In the same order as written in the Receipts Listing Worksheet; and
 3. Date of each receipt claimed must fall within the 365 days preceding the date of the CF-52 (signature date); and
 4. If invoice(s) do not show paid in full/zero balance, then units are required to submit a copy of the cheque, a credit card statement or bank statement showing the full payment was made to the vendor.

Any questions should be directed to the J5 Plans O (Sea Cdts).

Examples of Purchases Eligible for LSA (not an exhaustive or definitive list)

- Rent or permit/user fees for training., admin and/or supply space
- Storage locker rental
- Utilities (electricity, gas, water/sewage, telephone, etc., but not property taxes, TV or internet)
- Postage and mailing
- General office supplies (check first what is available to order through the DND supply system)
- Office furniture
- Video Display Unit(s) for the classroom(s) (Portable/fixed projector and screen/ LED Display)
- Supplemental training equipment not available through DND/CAF, or in additional numbers where justified and scale is limited (sports stores field stores, nautical/expedition/aviation stores and supplies, orienteering/marksmanship/biathlon supplies)
- Consumable training supplies (paracord, rope, glow sticks, naphtha/propane, flip charts/paper, markers, boot polish/cloths, etc)
- Expenses in support of approved optional training (bus/vehicle rental, meal, entrance/registration fees)
- Registration fees for optional activities including virtual events (Duke of Ed, Navy Bike Ride, museums and tours, etc)
- Band supplies and equipment (instruments and accessories, lyres, music/scores, mace, Drum Major sash, etc)
- Approved optional uniform parts and modifications not provided through the system (highland dress items, approved affiliated unit dress items, cap tally, lanyards, nametags, etc)
 - Flag party equipment (pole frogs/baldricks, leather gauntlet/cotton gloves, etc)
 - Cadet Corps Mess Dinner (must be a proper Mess Dinner conducted IAW the applicable QSPEO, and not a dining in or Christmas Dinner) Only cc/sqn staff and cadets may be covered

Examples of Purchases NOT Eligible for LSA (not an exhaustive or definitive list)

- Non-medical masks and COVID-19 related sanitization supplies
- Most computer and IT equipment and peripherals
- Memory card for cameras – considered the same as USB stick – is a Cat A item under IT equipment
- Webcam – is a Cat B item under IT equipment.
- Printers/scanners
- Videoconferencing and virtual instruction services ie ZOOM, Google Classroom, etc
- Internet subscription – available through DND
- cc/sqn Website hosting services –official website already provided by DND
- Payments to a Cadet League for any per capita cadet assessment levy
- Christmas/ACR/Awards dinner – a standalone meal will not generally be covered by LSA, but LSA may cover a meal during an optional day activity, or as required/stipulated in the QSP (ie Mess Dinner lesson). Only cadets and staff can be covered, not parents or guests
- Nautical charts/topographical maps/aviation charts (VNC/VTA) – avail through DND
- Moving costs – moving company to relocate to temp location
- T-shirts/sweatshirts/SWAG/buffs given to cadets
- ACR keeper awards, medal mounting, certificate framing, etc
- Building maintenance
- Vehicle or trailer maintenance
- Made to measure custom sports and training clothing such as shooting jackets, biathlon ski suits, etc (items in generic sizes for shared use are permissible)
- Items that maybe easily resold, repurposed, or primarily used other than to support cadets
- Property taxes
- Items intended to be retained by individual cadets
- Vehicles, vessels, aircraft, trailers, rifles, ammunition or any controlled goods
- Insurance premiums
- Gifts (RO gifts, flowers, departure gifts, thank you gifts, get well/bereavement gifts, gift cards, alcohol, etc)

ONLINE DONATIONS THROUGH STRATLY

**** note that as of March 2024, the MiCHARITY PLATFORM IS NOW KNOWN AS STRATLY**

Stratly (Micharity) is a secure online donation platform. With the continuing move towards digital adoption, offering a way to donate online can lead to more donations. Stratly has features that can create thank-you notes when donations are received, electronic tax receipts, and online reports. We can track our donors or create fundraising campaigns.

Each Branch has been given a unique web address to collect donations. When donations are received, an email message is sent to the Ontario Division. The email is forwarded to the Branch Treasurer for their records. The funds are deposited in Ontario Division's bank account and are paid out by cheque on a quarterly basis.

When a donor clicks on the web address, they are taken to the Branch's donation page. They will be asked to provide their name, address, and email address so a tax receipt can be generated. Donations are made by credit card. If the donor wishes, they can set up recurring donations, make a dedication, or even leave a message. The tax receipt will be sent once the payment is processed – in a matter of minutes. Replacement tax receipts can be created if needed.

Registering your Branch with Stratly

Branches can register for their own account with Stratly by signing into this website :

<https://boarding.na.bambora.com/?id=627ea235-6219-48f1-8080-e783ec1d9772>

This will bring up a Michraity/Stratly registration page and you can proceed to set up your own account. Use your BRANCH NAME as the Organization Name, and the Branch Treasurer email address. You do have to complete all fields on the screen. You will need 2 pieces of identification for the person you name in the registration – ie driver's license and a utility bill are commonly used. Be aware it takes a little time. The account is first set up with Bambora, the back-end payment processing platform. Once that account is open, the Stratly front-end donation collection account is opened. You will receive an email from Stratly with your new donation link and log in information once everything is done.

Having your own Stratly account allows you to receive donations straight to your bank account. By using the platform, we can also engage with our donors (thank yous and tax receipts, for example), create campaigns to specific fundraising drives and have access to reports with various filters.

**Standard credit card processing fees are applicable at the rate of 2.9% + \$0.30 per transaction. The donor can opt to cover these fees when filling out the online donation form. These fees are to be recorded as a fundraising expense. If you have a limit on the number of deposits per month to your bank account, you can arrange monthly payments from Stratly.

TAX RECEIPTS

TAX RECEIPTS FOR ALL DONATIONS CAN ONLY BE ISSUED BY THE ONTARIO DIVISION. BRANCHES ARE NOT AUTHORIZED TO ISSUE TAX RECEIPTS DIRECTLY.

Tax Receipts may be issued for the following:

1. Monetary Donations – received from individuals
2. The assessed value of gifts (by a professional appraiser) or
3. Donations in lieu of payment or reimbursement (form must be submitted)

** Note that registration fees ARE NOT and WILL NOT be treated as donations

The Ontario Division Office WILL NOT issue a tax receipt before receiving all the corroborating documents as listed in this section. – refer to p.19 for details

****NOTE: The Division office is requesting that branches avoid sending large batches of tax receipt requests at once. Since each donation requires to be entered individually on the Stratly platform to issue each donation receipt, we cannot guarantee that large batches of receipt requests received after December 31 can be treated in time for each tax season.**

It is strongly recommended that these requests be sent in as they are being entered in QBO.

Process for accounting and requesting a tax receipt from the Ontario Division

The funds received as donations must be recorded in QBO as a sales receipt under the category of “Receipted Donations”. Attach a copy of the cheque, cash deposit slip/receipt or INTERAC e-transfer email and bank statement. Make sure that the organization or donor’s name, current address and email address are entered. When everything is attached to the entry, click “Save and Send.”

Corroborating documents required

Cash or Cheque Donations

- Take a copy of the cheque received for a donation. If you have received cash, issue a receipt to the donor for the amount of the cash and take a copy of the cash receipt issued.
- Take a copy of the deposit slip or electronic deposit that includes the donation and provide the name, address, and postal code of the donor or organization.

Electronic funds Transfer (EFT)

Attach a copy of the INTERAC e-transfer email and bank statement to each donation sales receipt in QBO. Make sure that the organization or donor's name, current address and email address are entered.

Donated Items/Gifts in kind

Gifts in Kind may include objects or services that are estimated to be of a monetary value. In some cases, you may be required to obtain an appraisal or assessment of the value to determine the amount for a receipt.

Even if you have received a letter from the donor stating the value of the item being donated **this may also require further confirmation or validation** if there is no other supporting documentation of the estimated value.

Supporting material from an appraiser or the donor should be sent to Ontario Division, via the QBO entries as the required attachments for each donation.

- Donated items will require a professional appraisal in writing to assess the value of the item for a tax receipt. As this information is listed on the receipt, make sure to provide the appraiser's information: name, address and postal code.
 - Take a copy of the assessment or appraisal received for the item(s) donated and include the of the donor or organization.
 - Attach these items to the required Sales receipt (Received Donations) in QBO before saving and sending the sales receipt.

Refer to the CRA Website: <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/receiving-gifts/what-a-gift.html>

Gifts of Service

A charity receipt **CANNOT** be used for a gift of service, **however**, if a charity pays for services rendered and the service provider then chooses to donate the monies back, the charity (the Navy League of Canada) may issue a receipt for the monetary donation (this is often referred to as a cheque exchange).

Refer to CRA Website: <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/policies-guidance/policy-commentary-017-gifts-services.html>

DOCUMENTATION AND ACCOUNTING FOR EXPENSES/PAYMENTS/REIMBURSEMENT

There are several typical categories of expenses to account for as payments or reimbursements are made from Branch accounts and each of these may require a slightly different method of accounting and documentation.

Expenses will typically include the following:

- Bill Payments – utilities, internet, services, etc.
- Reimbursement of preapproved expenditures with receipts
- Facilities – rent, property taxes, maintenance
- Insurance
- Operating expenses
- Travel and transportation not provided by DND/CAF
- Awards, medals and presentations
- Social events and optional activities
- Competition fees
- Assessments
- Equipment purchases and/or rental, boats (owning, insuring, repairs, gas and operation , etc.)
- Fundraising expenses
- NL Officer uniform items (if approved by the Branch)
- Meals and/or Canteen items

ALL REQUESTS FOR EXPENDITURES OR REIMBURSEMENT MUST BE APPROVED BY THE BRANCH AT THE APPROPRIATE LEVEL OF THE EXECUTIVE OR AT A BRANCH MEETING IN ADVANCE OF PURCHASE WITH THE APPROVAL AND RECORDED IN THE MINUTES, OR CONFIRMED BY EMAIL.

Sea Cadet Programme – Expenses related to the Sea Cadet Programme may include approved funding or reimbursement for activities or items not funded by DND/CAF in support of a Sea Cadet Corps, for example ACR, Christmas party, awards and award dinner, trips, medals, CO and staff expenses, band instruments, rental of equipment, boats (owning, insuring, repairs and maintenance, fuel, etc)

Navy League Cadet Programme – Expenses related to the Navy League Cadet Programme are the responsibility of the Branch and may include approved funding or reimbursement for items or activities including the ACR, Christmas party, awards and awards dinner, trips, medals, CO and staff expenses including uniforms, bank instruments, rental of equipment boats (owing, insuring, repairs and maintenance, fuel, etc)

If the expense is related both Sea Cadet and Navy League Cadet programmes being supported by the Branch and the item, event equipment, etc may be utilized by both , the total expense may be divided on a fair basis or "as per use" between the two programmes

Assessments – On an annual basis, each Branch will be charged an assessment fee by Ontario Division payable each quarter. The amount of the assessment is provided to the Branch and is based on the actual number of cadets. Funds provided to the Division through Assessments are used for operating expenses, purchase of medals, provision of certificates and awards, AGM expenses

Accommodation/Facilities: Expenses related to accommodations/facilities include anything spent on maintenance, upkeep or repair, utilities, operation costs like waste disposal, pump outs, rent or lease of training facilities, storage lockers, Branch owned/leased camps, buildings, and boat house permits, taxes, building and content insurance, contracts for equipment repairs or rental (furnace, water heater), security, cleaning supplies or contracts.

Branch Administration – Costs associated with the general administration and support (office supplies, postage, AGM expenses, CPICs charge, bank service charges, legal and accounting fees and IT support)

Fundraising Expenses – Expenses related to purchases in support of fundraising such as tag day supplies, chocolates, bingo supplies, etc.

Purchase of Assets – Any one item worth more than \$1,000 becomes a Branch “Asset” and must be included and accounted for on the Branch inventory.

Reimbursement of Expenses – Pre-approved expenses that have been authorized through the budget and/or approval process may be reimbursed to individuals with the provision of original receipts and a reimbursement form produced by the Branch and signed off by the Treasurer and/or Branch President with approval documentation to be attached.

APPROVAL OF EXPENDITURES OR REIMBURSEMENT

ALL REQUESTS MUST BE APPROVED BY THE BRANCH AT THE APPROPRIATE LEVEL OF THE EXECUTIVE OR BRANCH MEETING) IN ADVANCE OF PURCHASE WITH THE APPROVAL AND RECORDED IN THE MINUTES, OR CONFIRMED BY E-MAIL

The Branch Treasurer must account for all funds and ensure that expenditures are relevant to the program and direct support of approved cadet and/or Branch activities.

Approval Limits

All expenditures over \$5,000 that are not reflected in the approved Branch budget, **must be approved by Ontario Division**. These might include unexpected expenses for repairs or purchases.

Requests for expenditures over \$25,000, must be sent to Ontario Division for endorsement and then approved by the National Board of the Navy League of Canada. Requests must be submitted in advance of the expenditure with an Expenditure Approval Request form (available through the Division) and supporting documentation to include details on the expenditure with estimates of cost (if the cost is for services and/or equipment there should be at least three (3) estimates provided), minutes of the Branch approval or endorsement, a Branch financial report and bank statement, and supporting material for consideration and endorsement by Ontario Division, and the approval by the National Board of the Navy League of Canada as per the NLOC National Bylaws (NL18, page 58, Branches para 3, Branch Activities and Powers, section “d” Restrictions on Branch Powers)

Unless there is an emergency or damage to be repaired, requests for expenses over **\$5,000** are to be submitted to the Ontario Division **60 days before the event or anticipated start date for any project or purchase**. If the request is for an expense over **\$25,000**, it is to be submitted to the Ontario Division office **90 days before the event or anticipated start date for any project or purchase**

Documentation required:

- Expenditure Approval Request Form
- Branch minutes approving event
- Latest bank statement
- Letter of approval from local OLG if taking expense from a lottery account
- Ops orders outlining trip budget, travel expense, cost if any to cadets/officers, if international documentation required for passports, travel insurance being made
- Note that Sea Cadet activities must comply with CATO 14.06

PETTY CASH FUNDS

The Branch may consider the establishment of a small Petty Cash Fund for Commanding Officers, but this is optional and there must be strict accounting and approval processes in place.

If authorized by the Branch, the CO may be provided with a small petty cash fund for day-to-day minor expenses and would be responsible for seeking approval before expenditures as well as timely submission of original receipts and supporting documentation.

The funds may be topped up to the initial amount at the discretion of the Branch and the amount should be restricted to less than \$200. The CO must sign for the funds and should be provided with clear instructions and directions on the use of funds, accounting, and financial control.

CAPITAL ASSETS

For inventory and accounting purposes, capital assets generally include any asset which has been acquired, constructed, or developed with the intention of being used on a continuous basis and is not intended for sale in the ordinary course of business. Capital assets also include betterments.

Capital Assets are tangible items that have a useful life of longer than a year **AND** have a **unit cost** (or value) greater than \$1,000 (purchasing 5 computers at a cost of \$300 each does not qualify because the cost per computer is less than the \$1,000 threshold). Examples of Capital Assets within the Navy League would be buildings, vehicles, boats, and trailers. IT equipment like computers and printers may if they meet the value threshold of greater than \$1,000 as per the criteria above. Just because something has a value of over \$1,000 does not automatically make it a capital asset – it must have a value to the entity over several years. Non-capital assets have a useful life of more than one year and an acquisition cost of at least \$1,000, but less than \$5,000 per unit.

Capital Assets within the following categories and estimated periods depreciate over time.

CATEGORY	ESTIMATED LIFE
Computers	3 years
Vehicles	10 years
Trailers	15 years
Boats	15 years
Buildings	40 years

Depreciation is an accounting method of allocating the cost of a tangible or physical asset over its useful life or life expectancy. For example, the value of a computer depreciates 33% (value/3) per year and the value of vehicles would be 10% (value/10) per year

In accounting, depreciation expense is not a current asset, it is reported on the income statement along with other normal business expenses. Accumulated depreciation is usually listed on the balance sheet in the financial statements.

A Capital Asset could be received as a donation or purchased by a Branch/Division. Capital Assets that are donated to a Branch/Division require 2 supporting documents asserting the value of the donated capital asset. Land is a Capital Asset; however, land does not depreciate.

Expenses related to Capital Assets are treated as normal expenses, with the exception of expenses incurred to extend the useful life of an asset. These expenses are added to the Capital Asset to increase its value. For example, the cost of replacing the engine on a boat may increase the boat's useful life by another 5 years, which would increase the value of the boat. The cost of painting a boat does not necessarily increase its utility or period of use so the cost would be expensed with no impact on the Capital Asset. Instructions on how to record Capital Assets will be outlined in the final version of the QBO manual.

RESOURCES AND REFERENCES

The following are some of the additional resources and references that may assist Treasurers or provide further information on the sections of this guide.

- Navy League Publications: <https://navyleagueofcanada.org/publications>
 - NL64 – [Branch-Navy League Cadet Relationship Guide](#)
 - NL65 – [Branch- Sea Cadet Relationship Guide](#)
- [National Bylaws/Ontario Division Addendum](#) refer to Article 11 – Execution of Documents, Banking and Borrowing
- ODI2006 – Corps Budget Template – <https://navyleagueon.ca/branch-resources>
- Canada Revenue Agency – Charities and Giving:
<https://www.canada.ca/en/services/taxes/charities.html>