

Military Communications and Electronics Museum Foundation Annual Report



October 2020

Introduction. This report is a general overview of the Foundation's year between Annual General Meetings; thus, it covers financial activities within both the 2019-2020 and the 2020-2021 Fiscal years. The Foundation funds are dispersed to the qualified donees the Museum and the Branch Office.

Foundation Management. In October 2019 the Membership formally approved Mel Douglas and Tammy Piatkowski as Directors of the Foundation for a three year term, while expressing gratitude to Lloyd Tien in recognition for his many years of service to the Board including service as Executive Director. This meant that 9 of the potential 20 Directors positions were filled although a minimum of five is required to ensure Corporation compliance. Currently there are three directors completing their three year term and stepping down while only two replacements have volunteered.

Foundation Revenues. Not surprising COVID 19 had an impact on the Foundation's financial status. Originally the Endowment Fund felt the downward fluctuation of investment markets but that recovered and actually realized new growth by July 2020. The closure of the Museum doors, had an impact on its ability to generate donations and maintain a connection with the general public. The general concern of all Canadians regarding their person financial situation meant that donations in general declined or any spare funds are designated toward charities focused on health related operations. Thus the Foundation's revenue through donations was reduced. A simple comparison of numbers on a spreadsheet could imply a positive financial situation but with many donors designating their funds in support of Netherland Battlefield Tour 2020, funds for actual museum and other Branch support were reduced.

Col John Catto generously bequeathed a significant donation from his estate to the Endowment Fund which will certainly assist in the long term viability of the Foundation. This has no direct impact on current year cash flow to meet ongoing expenses.

The pay allotment (P070) continues to decline an average of \$50 a month as people retire or withdraw their commitment. For the last year that results in an approximate \$3300 loss in donation revenue with the compounded year to year impact severely reducing the Foundation's ability to support the two qualified donees. The inability for Branch leadership to positively influence the uniformed soldiers' participation in this charitable donation has a direct impact.

Foundation Expenses. With COVID 19 impact on museum operations it would be easy to assume expenses should decline; however, there was no reduction in wages of Museum staff. Much of the planning and preparation for March of the Museum and other events had already been conducted prior to the close door order. The newest funding line would be the professional services contract for the Executive Director duties to replace the functions that Lloyd Tien was doing but for which no volunteer could be found to commit the necessary time and effort. The contractor has generously cooperated by invoicing for actual effort rather than the monthly contracted fee which has reduced costs by nearly 30%. Baseline expenses such as annual audits, liability insurance policies, bank fees continue regardless of museum attendance.

The single largest expense was the funds transferred to the Branch Office in support of the Battlefield Tour 2020. While most of the funds were generated through fundraising conducted by the tour management team, there were additional real expenses that detracted from normal Foundation activities and effort.

It would be relevant to point out that Foundation administration costs represented only 6% of the FY 19-20 expenses. The other 94% was direct support to the Museum (49%) and the Branch including the Netherland tour (45%).

Financial Stability. Faced with a steadily declining donation revenue stream and increasing expectations by the qualified donees, there were two basic options. Either keep spending until the funds are gone and dissolve the Foundation or limit spending to what is available regardless of the expectations of the qualified donees. The Endowment Fund is the only true stability which the Foundation has available. Thus the commitment was confirmed to not touch the initial capital that is donated to the enduring Endowment Fund but as necessary access the interest/dividend revenue which the Endowment Fund accrues. 2020-21 fiscal year will be the first time that the Board will actually draw upon that revenue to meet qualified donee funding expectations. This may force qualified donees to find other funding sources to make up any perceived shortfall, but that may inspire innovative activity within their own realms.

Volunteerism. The demand for or reliance on volunteer labour in completing community and charitable activities has not diminished. The generational desire to engage in volunteerism has decreased. Even the ability to fill the Foundation's slate of volunteer Board positions is less than 50%. The lack of willing volunteers to engage in fundraising activities has also reduced the ability to conduct events necessary to financially support the Foundation's mission. The generations of previous generous volunteers have reached their point of exhaustion physically and or mentally. The trend now leans toward professional outsourcing. The Board is and will continue to access the costs and implications of outsourcing the fundraising effort, knowing that the inability to obtain sufficient donations increases the reliance on a basic level of funding available from the Endowment fund revenue. Without volunteerism that proud level of 6% Foundation overhead will certainly climb.

Foundation's Relevance in the C&E Family. As a registered charity there is a keen desire to leverage the charitable status of the Foundation. While discussions continue with C&E Branch leadership and other Branch family stakeholders, it remains the Foundation's Board of Directors responsibility to ensure that the Foundation remains in compliance with the Act and other federal and provincial legislation. Notwithstanding that responsibility the Foundation will endeavour to be a meaningful participant in family affairs within legal requirements. That does imply that any organization seeking to leverage financial assistance from the Foundation must also step forth with the human and material resources to raise those funds while the Foundation acts as the legal mechanism of processing charitable donations.

Museum / Foundation interrelations. The Museum relies on the Foundation for funding support although it does have a few independent albeit smaller funding sources. The Foundation in its function of soliciting, processing and managing donations has a keen desire to put forth the most positive message possible regarding Museum operations. The Foundation does not manage or control the Museum. As a front line point of contact the Foundation does have a keen interest in understanding what the Museum needs to do in order to meet donor expectations. The Foundation will continually liaise with Museum Staff and their management teams to share the opinions and expectations of the general public and C&E community.

The public including the C&E family of retired and serving personnel have varied expectations of what the Museum should do for them. The Foundation is willing to communicate those expectations but it comes with a shared responsibility. If individuals have expectations of what the Museum should do for them, there is an equal expectation of what they will invest in the Museum's ability to achieve the results. If that is financial support, the Foundation is eager to help process it. If its volunteerism the Foundation will happily assist in connecting skills to needs. There is always a need. If it is simply an opinion ... well, the weight an opinion carries is reflective of the weight of investment individuals are willing to make to achieve the desired result.

Foundation / Branch interrelations. There is a growing realization that if the Museum is to succeed and funding for Branch Support is to continue then the Foundation must succeed. That has resulted in a recent yet welcomed interest of the C&E Branch leadership to understand what the Foundation and the Branch can do to ensure mutual success. While an independent Corporation approved by the Minister of Industry Canada and controlled by the Act, the Foundation will never legally be under command of the C&E Branch, but there are shared objectives which should reasonably align positive working relationships into the future.