

**36th ANNUAL  
GENERAL MEETING  
CANADIAN NAVAL MEMORIAL TRUST  
2021**



**H.M.C.S.**



**SACKVILLE**

...remembering the last corvette



May 25, 2021

Greetings Trustees:

**RE: 2021 Annual General Meeting – Canadian Naval Memorial Trust**

I hope this letter finds each and everyone of you healthy and coping well with the impact of COVID-19 restrictions, wherever you may be found. It is that time of year again and our Annual General Meeting (AGM) is quickly approaching. For the second year in a row we will be adjusting our format to hold the meeting virtually via ZOOM. The AGM will take place at 1400 (ADT) on June 26, 2021.

I am hopeful you will be able to attend and ask that you call our Trust Office at (902) 492-1424, or contact Debbie Findlay by email at [sectreas@canadasnavalmemorial.ca](mailto:sectreas@canadasnavalmemorial.ca) to indicate your intention to join the meeting. We will reply to you by email in advance of the meeting and provide the computer link to join, as well as the meeting ID and password. We expect the host waiting room to be active at least 15 minutes before the AGM begins. Should you experience difficulty joining the meeting or need to join later than the promulgated start time, please inform us by email. We will do our best to resolve any issues and ensure we are attentive to the time you expect to join. As with all virtual meetings please be patient in the event we experience unforeseen technical difficulties.

This has been a big year for the Trust as we completed the most significant refit HMCS *Sackville* has undergone in decades. Hopefully, most of you have had the opportunity to follow the progress of the ship in refit through our website and/or many of the social media networks we are actively engaged with. In effect, we have provided a new lease on life for the ship by addressing significant deterioration of the hull in the fulfillment of our mandate to preserve HMCS *Sackville*, tell her story, and commemorate for years to come, the accomplishments of the Royal Canadian Navy, of those who served and sacrificed, and of those who continue to serve. However, although the refit has bought us valuable time, the repairs implemented will only get us so far. In the longer term, the hull will need to be completely replaced and, in so doing, will require the Trust to turn its focus to this major undertaking.

I am pleased to report that notwithstanding the restrictions on public access associated with COVID-19, HMCS *Sackville* has nevertheless enjoyed a resurgence in popularity due to the miracle of social media and, in particular, the interest shown by the public in our refit. We also had the honour to appear before the House of Commons Standing Committee on Veterans' Affairs (ACVA) in support of their study on Commemoration in the 21st Century. As stated to ACVA,

...2...

“ HMCS *Sackville*, represents, and is a reminder of what Canadians, from all walks of life, from all regions of the country can do in times of peril. From the builders in Canadian shipyards, to the families that were so tragically affected, HMCS *Sackville* still resonates as a pillar of our collective national history, we must ensure that legacy endures”. Most recently we participated in the inaugural Tri-City, Convoy Bell Ringing Ceremony, held virtually between Londonderry, St John's, and Halifax. We had the honour, to have Master Mariner and World War II Merchant Navy veteran, Captain Earle Wagner, age 97, ring the Halifax Bell.

The accompanying package (electronic and paper) includes the agenda, audited financial statements, last year's AGM draft minutes and the normal donation form. The form can be either scanned and emailed, mailed to the address above, or a donation can be made directly through the web site or by e-transfer. Should you have any questions after you review the enclosed documents, please email them to Debbie and we will either email our answer or address the question during the AGM. Likewise, should you have any questions, suggestions, or observations about Action Stations, please let us know and we will strive to provide a response. There will be opportunities to ask questions during the meeting as well.

In closing, I would be remiss if I didn't acknowledge the professionalism, dedication, and amazing work by so many behind the scenes from the ship's company to HMC Dockyard and Fleet Maintenance Facility Cape Scott, to outside contractors and the countless volunteers who have given of their time, expertise, and pocketbook to support the Trust. Simply put, our success this past year would not have been possible without you. Thank-you.

I look forward to seeing you at the AGM. In the meantime, stay strong, and stay safe.

Yours Aye,



Bill Woodburn,  
Captain (Navy) OMM, CD, RCN (Ret'd)  
Chair  
Canadian Naval Memorial Trust

**REGISTRATION FORM**  
**ANNUAL CONTRIBUTION TO THE CANADIAN NAVAL MEMORIAL TRUST**  
**AND ANNUAL GENERAL MEETING BY ZOOM**  
**SATURDAY 26 JUNE 2021 @ 14:00**

Name: \_\_\_\_\_ Rank: \_\_\_\_\_  
Address: \_\_\_\_\_  
City/Town: \_\_\_\_\_ Prov: \_\_\_\_\_ Postal Code: \_\_\_\_\_  
Phone: (    ) \_\_\_\_\_ Year you joined the Trust: \_\_\_\_\_ Member # (if known): \_\_\_\_\_  
Email: \_\_\_\_\_ @ \_\_\_\_\_

**Annual General Meeting Events:**

With the COVID-19 pandemic, there will be no events this year. The AGM will be online using Zoom.

**I plan to attend the AGM on Zoom Yes \_\_\_\_\_ No \_\_\_\_\_**

**Annual Member-Trustee or Life Member-Trustee Contribution**

Annual Member-Trustee Donation (\$75.00 or more) \$ \_\_\_\_\_  
Life Member-Trustee – One-time donation \$1000 OR \$ \_\_\_\_\_  
10 consecutive monthly payments of \$100 \$ \_\_\_\_\_

**Additional Donation(s)**

Just For the Hull of It Fundraising campaign: \$ \_\_\_\_\_  
Canadian Naval Memorial Preservation Fund: \$ \_\_\_\_\_  
Canadian Naval Memorial Operating Fund: \$ \_\_\_\_\_  
In Memoriam: Name: \_\_\_\_\_ Rank \_\_\_\_\_ Date of Passing: \$ \_\_\_\_\_

**Membership + Donation Sub-Total: \$ \_\_\_\_\_**

**Endowment fund information: contact email [sectreas@canadasnavalmemorial.ca](mailto:sectreas@canadasnavalmemorial.ca) or call: 902-492-1424**

**PAYMENT METHOD**

**1. Cheque payable to Canadian Naval Memorial Trust**

**2. Visa, MasterCard, AMEX #: \_\_\_\_\_ Expiry \_\_\_\_/\_\_\_\_**  
Name on Card \_\_\_\_\_ ; # on reverse: \_\_\_\_\_

**You may phone in your credit information by calling 1-902-492-1424**

I authorize the use of this credit card (initial appropriate space) to:

- a. Pay the amounts indicated above
- b. Renew my membership on an annual basis in the amount of \$ \_\_\_\_\_ : Yes \_\_\_\_\_ / No \_\_\_\_\_
- c. Pay my Mess bill: Yes \_\_\_\_\_ / No \_\_\_\_\_

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

**3. Auto deposit E-Transfer to CNMT via email [sectreas@canadasnavalmemorial.ca](mailto:sectreas@canadasnavalmemorial.ca); please specify which fund(s) you want the donation applied in the message section or send a separate email.**

**4. PayPal via our web Site: [www.canadasnavalmemorial.ca](http://www.canadasnavalmemorial.ca)**

**Online Membership, Renewal and/or Donation payments: [www.canadasnavalmemorial.ca](http://www.canadasnavalmemorial.ca)**

**Note:** The Trust needs and appreciates your continuing support. Thank you.

Contributions of \$10 or more are Tax Deductible: Charitable No: BN 11883 4720 RR0001



**AGENDA**  
**36<sup>th</sup> ANNUAL GENERAL MEETING**  
**CANADIAN NAVAL MEMORIAL TRUST**  
**SATURDAY 26 JUNE 2021 @ 1400**  
**MEETING BY ZOOM**

**HALIFAX, NS**

|                  |  |  |
|------------------|--|--|
| <b>ITEM I</b>    | <b>Welcome and Introduction by Chairman</b><br><b>a) Prayer for departed Trustees</b>  | <b>William Woodburn</b><br><b>Padre Andrew Cooke</b> |
| <b>ITEM II</b>   | <b>Approval of Minutes for 35th AGM – June 27, 2020</b>  | <b>Bill Gard</b>                                     |
| <b>ITEM III</b>  | <b>Chairman’s Report</b>   | <b>William Woodburn</b>                              |
| <b>ITEM IV</b>   | <b>Treasurer's Report</b>  | <b>Bryn Weadon</b>                                   |
|                  | <b>MOTION 1: Financial Statement – Approval</b>  | <b>Bryn Weadon</b>                                   |
|                  | <b>MOTION 2: Approval of Auditors</b>  | <b>Bryn Weadon</b>                                   |
| <b>ITEM V</b>    | <b>Investment Committee Report</b>   | <b>Bryn Weadon</b>                                   |
| <b>ITEM VI</b>   | <b>Ships Operations Report</b>   | <b>Gary Reddy</b>                                    |
| <b>ITEM VII</b>  | <b>Membership Report</b>   | <b>Pat Charlton</b>                                  |
| <b>ITEM VIII</b> | <b>New Business</b>  | <b>William Woodburn</b>                              |
| <b>ITEM IX</b>   | <b>Ratification and Confirmation:</b>  | <b>Bill Gard</b>                                     |
|                  | <b>MOTION: Moved that all actions and conduct of the Board of Directors of the Canadian Naval Memorial Trust, made or undertaken on behalf of the Trust, up to date 26 June 2021, be and are ratified and confirmed.</b> |  |
| <b>ITEM X</b>    | <b>Election Board of Directors</b><br><b>PROPOSED BOARD OF DIRECTOR SLATE FOR 2021/2022</b>  | <b>Past-Chair Wendall Brown</b>                      |
| <b>ITEM XI</b>   | <b>Presentations</b>   |  |
| <b>ITEM XII</b>  | <b>Adjournment</b>   |  |

**35<sup>th</sup> ANNUAL GENERAL MEETING  
CANADIAN NAVAL MEMORIAL TRUST  
27 JUNE 2020 – ZOOM Meeting**

**35.01 Welcome and Introduction: Chairperson**

The Chairman, Wendall Brown, called the meeting to order at 1:15 pm. He welcomed everyone from across the country on this the Trust's first zoom AGM. There were 49 people signed in to the virtual annual general meeting.

**A. Prayer for departed Trustees: Padre Andrew Cooke**

The CNMT Chaplain, LCdr (Ret'd) Andrew Cooke, had difficulty in signing into the meeting. The Recording secretary Bill Gard read the names of Trustees who had Crossed the Bar during the past year. (Annex A)

**35.02 Approval of Minutes for 34<sup>rd</sup> AGM**

**MOTION:** It was moved by Bill Gard and seconded by Vern Lunan that the minutes of the 34<sup>th</sup> AGM on 28 June 2019 be accepted. **CARRIED**

**35.03 Chairman's Report: Wendall Brown**

Wendall Brown presented his Annual Report: (Annex B)

**35.04 Audited Financial Statement Report: Bryn Weadon**

The Treasurer, Bryn Weadon, presented a report on the Audited Financial Statement. There were no questions. (Annex C)

**MOTION 1:** Bryn Weadon moved and Bill Woodburn seconded that the 31 December 2019 Audited Financial Statements, provided to members in advance of the meeting be approved. **CARRIED**

**MOTION 2:** Bryn Weadon moved and seconded by Rick Payne that MNP be retained for another year as our Trust's auditors. **CARRIED**

**34.05 Investment Committee Report: Bryn Weadon**

Bryn Weadon presented the Investment Committee Report. (Annex D)

**35.06 Ships Operations Report: Gary Reddy**

Cdr Reddy presented the Ship's Operations Report. (Annex E)

**35.07 Membership Report: Patrick Charlton**

Patrick Charlton presented the Membership Report. (Annex F)



### **35.08 New Business: Wendall Brown**

There was no new business.

### **35.09 Ratification and Confirmation: Bill Gard**

**MOTION:** It was moved by Bill Gard and seconded by Vernan Lunan that all actions and conduct of the Board of Directors of the Canadian Naval Memorial Trust, made or undertaken on behalf of the Trust, up to date 27 June 2020, be and are ratified and confirmed. **CARRIED**

### **35.10 Proposed Board of Directors for 2020/2021: Bryan Elson (Annex G)**

**MOTION:** It was moved by Bryan Elson and seconded by Bill Gard that the Slate of Directors as presented for 2020/2021 be accepted as presented. **CARRIED**

### **35.11 Working Committees:**

A list of individuals helping the CNMT (Annex H)

### **35.12 Presentations:**

A message penned by retired Vice-Admiral Hugh MacNeil was read to the members attending the meeting (Annex J)

### **35.13 Adjournment:**

There being no further business, it was moved by Vernan Lunan and was seconded by Len Canfield that the meeting be adjourned at 2:25 pm.

Respectfully Submitted  
William Gard  
Recording Secretary

## **Attached Annexes A to K**

### **Annex A to 35<sup>th</sup> AGM MINUTES**

#### **Crossed the Bar**

|   |                              |     |                                 |
|---|------------------------------|-----|---------------------------------|
| ALLAN, Roy (Rusty)                                | Cdr.                         | RCN | March 28 <sup>th</sup> 2019     |
| REDDY, James P. (Jim)<br>(Captain HMCS Sackville) | LCdr                         | RCN | August 25 <sup>th</sup> 2019    |
| GARNHAM, Peter B.                                 | Master Mariner               | MN  | August 6 <sup>th</sup> 2019     |
| MCDONALD, Mary                                    | Wife of Capt. Angus McDonald |     | September 24 <sup>th</sup> 2019 |
| WILLIAMSON, Albert Clare (Whitey)                 | LCdr.                        | RCN | October 29 <sup>th</sup> 2019   |
| RUDNICKI, Richard                                 | Civ. Artist                  |     | November 4 <sup>th</sup> 2019   |

|  |                |            |                               |
|--|----------------|------------|-------------------------------|
| HIRSCHMANN, Werner   | Chief Engineer | FGN        | November 7 <sup>th</sup> 2019 |
| WILCOX, Harold Russell (Russ)  | Cdr            | RCN        | December 4 <sup>th</sup> 2019 |
| FOWLER, Frederick Knight   |                | RCNVR & RN | January 10 <sup>th</sup> 2020 |
| MCDONALD, Angus  | Master Mariner | MN         | March 3 <sup>rd</sup> 2020    |
| TIMBRELL, Helen Patricia Kathleen (Patsy)<br>(Wife of RAdm Timbrell) | Rear-Admiral   | RCNVR      | May 29 <sup>th</sup> 2020     |
| WOOD, James Crilley  | Vice-Admiral   | RCN        | March 2 <sup>nd</sup> 2020    |
| BROWN, Donald Henry  | CPO1           | RCN        | April 11 <sup>th</sup> 2020   |
| ISLES, Kenneth   | LCdr           | RCN        | April 16 2020                 |
| HOWARD, Lou  | S/Lt           | RCNVR      | May 4 <sup>th</sup> 2020      |
| TOOLE, J. H. Vernon  |                | RCNVR      | May 7 <sup>th</sup> 2020      |
| ROBINSON, Wayne Albert   | CPO1           | RCN        | May 24 <sup>th</sup> 2020     |

## **Annex B to 35<sup>th</sup> AGM MINUTES**

### **Chairman's Annual Report: Wendall Brown**

Welcome to our new venture of holding a virtual annual meeting. I believe that it will prove to be beneficial to all trustees from outside the Halifax Regional Municipality as it enables you to attend the meeting without the time and financial commitment of travelling to Halifax. It is a new venture for the Trust and we will try to be alert to trustees wishing to pose questions to the Board. If you cannot catch our attention any other way, wave vigorously at your computer camera. We will try leaving everyone un-muted and if each of you would mute your own audio and just un-mute when you wish to speak.

### **REVIEW OF THE PAST YEAR**

2019, following the annual meeting presented both highs and lows. We were shocked and saddened by Jim Reddy's rapid decline from apparent good health to his death from cancer on 25 August. We not only lost SACKVILLE's Commanding Officer and former 1<sup>st</sup>. Lieutenant a total of 14 year's Command team service; but, as well he was the Trust's connection with many of the marine associated organizations and a was friend to all who knew him.

The high for the summer was the very successful visitor interaction. The ship logged approximately 50,000 visitors who were admitted free. They reciprocated by surpassing the expected ticket price equivalent by generous donations to our donation chest. SACKVILLE remained in our Sackville Landing summer berth open to the public until 28 October, our latest summer season to date.

SACKVILLE returned to dockyard on 28 October to prepare for an imminent return to the Submarine shed to complete the below waterline hull cladding process that had to be terminated in the fall of 2018 because the Synchrolift and shed had to be cleared for HMCS Victoria's scheduled refit. The Chair's Report contained in the minutes of last year's annual meeting, which was distributed in your package for this meeting, provides details of the refit actions that resulted in the hull cladding decision to make

SACKVILLE harbour seaworthy as an interim solution to allow time to raise funds, acquire resources and the technical expertise to replace the below waterline hull plate with new plate to give a long-time seaworthy hull. Arisings during Victoria's refit and particularly in the extensive equipment certification trials required to return the submarine to active service continually moved the availability date of the facility for SACKVILLE to the right to the point that FMF and the Trust agreed to move SACKVILLE's refit to the fall of 2020 to ensure that she would be available for the 75<sup>th</sup>. Anniversary celebration and commemoration of the end of the Battle of the Atlantic.

THEN CAME COVID-19 and all but mission essential work ceased in the RCN and the Dockyard. Battle of Atlantic and all other celebrations or gatherings are in abeyance, normal operations and maintenance work remains on hold. The RCN has arranged, with Heritage Canada, for \$100,000 in FMF maintenance to be conducted in SACKVILLE annually. The majority of the 2019 – 2020 work package was aborted by COVID-19. The unspent funds will carry forward; but it is uncertain when work will recommence on the 2019 package or commence the work scheduled to be completed under this program in 2020. I don't have to tell you that we are living in very uncertain times. The fallout from COVID 19 is having serious effect on our maintenance, preservation plans, and public program. The dislocation of the economy may well have negative impact on our fund-raising initiatives from public, corporate and private sources while the window for replacement of the current cladded hull plating with new steel is relatively narrow, probably in the range of 5 to 10 years. This situation places significant importance on our "Just for the Hull of It" campaign. I hope that you like Patrick Charlton's catchy fund-raising slogan because every dollar in our piggy bank will demonstrate our level of support to the cause as we seek public support. Patrick will give you a detailed report later. FMF is keen to lift SACKVILLE and move her into the Submarine Shed to complete the underwater cladding. This intention is complicated by several factors. It is uncertain when the work force required will return to work in the dockyard, the submarine still occupies the shed and her launch date is uncertain until certification to launch is completed, and I have submitted a letter to the Premier requesting Provincial support to have the re-plating of the underwater hull considered as a shovel ready return to work project for marine welding and steel work trades at all skill levels. The criteria for the projects are maximum cost \$10M the province or organization pays 20% and the Federal Government pays 80%. Project to start and finish in 2021. I have committed the Trust to the 20% to improve our chances of Provincial approval. As we meet today our request is still in play. SACKVILLE's return to dockyard is dependent on the re-launch of HMCS VICTORIA. It is the intent to get SACKVILLE into the Submarine Shed as soon as possible to start work on the keel and either continue cladding or prepare for plate replacement

The Trust, in the past year has worked with Naval officials to change SACKVILLE's non-entity status of "third party to the Navy" to a status of official recognition which would allow the Navy to legally support the Trust. Commissioning is not in the cards but we have put in a proposal which should meet the requirements of both the Navy and the Trust. It is, we understand, under consideration in Ottawa.

The Memorandum of Understanding has been signed by Develop Nova Scotia, the Maritime Museum of the Atlantic, the Canadian Maritime Heritage Foundation and the Trust to create the Canadian Maritime Heritage District on the waterfront. It is expected that the effectiveness and influence of this association will be much greater than the sum of the parts. Tony Goode from our Board is currently drafting the Strategic Plan for the development of the District for the approval of the partners.

SACKVILLE is now alongside Sackville Landing. We will work in cooperation with the MMA to present the best program that we can in this COVID environment. Gary Reddy, SACKVILLE's new CO will give you details of our arrival and planned interaction with the public.

## Annex C to 35<sup>th</sup> AGM MINUTES

### 2019 CNMT FINANCIAL STATEMENTS: Bryn Weadon

The 2019 Financial Statements have been prepared by MNP in conjunction with their 2019 audit. These financial statements provide the financial position as of 31 December 2018 and 31 December 2019 as well as the financial operations for 2018 and 2019.

There were no changes in accounting policies in 2019. No issues were detected with respect to fraud or internal control deficiencies.

The 2018 refit work, funded primarily by the DND Grant, was previously capitalized on the Statement of Financial Position (along with a matching deferred contribution) and is being amortized over five years based on the estimated useful life of the work.

2019 Financial Results for each of the four CNMT funds were as follows:

- a. The Operating Fund had a revenue deficiency of \$47,044 in 2019. Operating expenses, excluding the amortization of the 2018 refit work, were \$73,833 higher in 2019 compared to 2018, the result increased promotion and publicity (including the Brookes Diamond video) and a resumption of Mess and Gift Shop activity. Revenues, excluding the deferred contributions for the 2018 refit, were \$79,207 lower in 2019, reflecting a decline in donations (primarily from Estates) partially offset by summer admission revenue as well as modest gift shop and mess sales. The Operating Fund ended 2019 with a balance of \$401,574.
- b. The Preservation Fund had excess revenue in 2019 of \$279,058. \$10,053 of the Preservation Fund's revenue came from donations while investment income was \$284,507 based on unrealized gains of \$213,738. The Preservation Fund ended 2019 with a balance of \$2,164,453.
- c. The Project Fund had excess revenue in 2019 of \$25,786 based on unrealized gains from investments. The Project Fund ended 2019 with a balance of \$133,486.
- d. The Endowment Fund received \$10,280 in donations in 2019, bringing the total balance at the end of 2019 to \$81,285. One percent of the balance as of 1 January 2019 was provided to the Operating Fund as an admin fee while the remainder of the investment income is included as part of the Preservation Fund.

Included as part of the Project Fund are capital assets purchased for the Bedford Row Office. As these capital assets are now being used to support CNMT operations, the CNMT Board has subsequent to year-end approved the transfer of these assets to the Operations Fund. The CNMT Board has also agreed that the Project Fund will be used to record donations received for the Just for the Hull of It Campaign.

## Annex D to 35<sup>th</sup> AGM MINUTES

### Investment Committee Report: Bryn Weadon

As of 31 December 2019, the CNMT had total investments of \$2,520,326.

|  | 1 Jan 19 | Transfers<br>In/Out | Investment<br>Gains/Losses | 31 Dec 19 | 2019 YTD<br>Return |
|--|----------|---------------------|----------------------------|-----------|--------------------|
|--|----------|---------------------|----------------------------|-----------|--------------------|

|                  |                    |                  |                  |                    |              |
|------------------|--------------------|------------------|------------------|--------------------|--------------|
| <b>Seamark</b>   | \$1,484,066        | Nil              | \$207,767        | \$1,691,833        | 14.0%        |
| <b>=<br/>RBC</b> | \$598,152          | \$110,280        | \$120,061        | \$828,493          | 18.1%        |
| <b>Total</b>     | <b>\$2,082,218</b> | <b>\$110,280</b> | <b>\$327,828</b> | <b>\$2,520,326</b> | <b>15.3%</b> |

\$70,381 of the 2019 investment gains/losses are the result of dividends or pooled fund distributions that have been reinvested. The realized and unrealized net capital gains are \$257,447.

Positive investment returns were achieved in all asset classes.

Seamark Pooled Bond Fund and PH&N Bond Fund distributions were reinvested. Seamark also made a few changes in US and Global Holdings. The RBC Account received \$100,000 from the Operating Fund as well as a stock donation for the Endowment Fund.

We have been holding a high than normal level of cash in the RBC Account awaiting further details on the upcoming refit requirements.

As of 30 April 2020, the market correction had reduced the portfolio value by approximately \$240,000 or a decline of 9.6%. A verbal update on the performance as of 31 May 2020 will be provided during the AGM.

Note: The CNMT Investment Committee is made up of Bryn Weadon, Ted Kelly, Ian McKee and Rick Payne

Submitted by: Bryn Weadon, Investment Committee Chair

## **Annex E to 35<sup>th</sup> AGM MINUTES**

### **Ship's Operations Report: Gary Reddy**

My name is Cdr (ret'd) Gary Reddy. I was honoured to be approached and offered the position as CO HMCS SACKVILLE. Jim Reddy was such a huge part of the ship and he embodied what it was to be the Captain. I hope I can live up to his legacy and continue his great work in promoting SACKVILLE and what she means to all Canadians.

The following report is submitted for AGM 2020:

1. Organization. I have attached the ship's organization chart. The ship has an awesome team. I am supported by:
  - a. Cdr (ret'd) Bob Klein - 1<sup>st</sup> Lt/XO,
  - b. CPO1 Craig MacFadgen – COXN,
  - c. CPO1 (ret'd) Art Forward – Chief of the SHIP (COTS),
  - d. CPO1 (ret'd) Pat Devenish – CERA,

- e. CPO1 (ret'd) Jeff Morrison – Chief Shipwright,
- f. PO2 (ret'd) Reid Hall – Chief ET,
- g. LCdr Hal Shields – Communications Officer,
- h. LCdr (ret'd) Rick Powell – Trustee Guide Coordinator,
- i. Sandy McClearn – Twitter,
- j. Grant Thompson – Bar, and
- k. PO2 (ret'd) Chuck Goldberg – Bar.

The ship could not function without the outstanding volunteer support from our team. My goal is to fill the remaining vacancies as soon as possible. Our focus remains the preservation of the ship, the summer visitor experience, and Trustee sponsored activities.

2. Sackville Landing. COVID 19 has halted all shipboard activities and delayed deployment to our downtown berth. We will have greater clarity by the AGM. The ship is analysing options but any decisions will be based on NS Provincial soft opening protocols. Our critical concern remains protection of the ship's staff. SACKVILLE is a vital piece of the downtown core and we would like to be at our Sackville Landing berth. Time will tell but we will not be open for visitors nor hosting shipboard activities for the time being. As we move into the summer, we may be able to reduce restrictions and this will be communicated to the Trustees. The bottom line for SACKVILLE is crew safety.
3. Engineering Programme. The 1<sup>st</sup> Lt/XO is developing a ship's Engineering Programme. I can provide greater detail if anyone is interested. This is a work in progress. Our intent is to establish an engineering Requirements List that will look out 2 - 5 years. The 1<sup>st</sup> Lt/XO will maintain this list until our Engineering Maintenance Programme Manager (EMPM) position is filled. The requirements list is a living document with repair items assigned to First, Second, and Third Line maintenance. 1<sup>st</sup> Line will be completed by ship's staff, 2<sup>nd</sup> Line will be special projects, and 3<sup>rd</sup> Line will be FMF Dockyard.

Today our major 1<sup>st</sup> Line maintenance project is Bridge renovations. This work will be completed by the time we meet at our AGM.

Unfortunately, this winter's 3<sup>rd</sup> Line maintenance work was placed on hold when Dockyard shut down. The work assigned was:

- a. Port and Starboard Lights,
- b. 4" Gun,
- c. Deck Plates (Engine Room),
- d. Hedge Hog,
- e. Whaler,
- f. Dent in Hull,
- g. Install Electrical, and
- h. Install Forward Submersible Pump,
- i. Emergency Generator - Exhaust system, and
- j. Breakers for ship/shore power connection.

4. Social Media. The Ship's Comms O is working on our communications strategy that will incorporate the ship's website, Facebook, twitter, linked -in and other social mediums. Our goal is to reach across all age groups to spread our message.

The ship's Facebook page is corrupt so we are not posting to this page until it can be squared off. In the interim the COTS established "The Paint Locker" FB page. We are piggybacking off this page to share pictures to other FB sites.

To-date we have shared:

- a. Stay Home Flag Hoist,
  - b. Half Mast – sinking HMCS ESQUIMALT,
  - c. Picture of SACKVILLE and MCDV in WWII paint scheme,
  - d. Half Mast – sinking HMCS ATAHABASKAN.
  - e. BoA ceremony, and
  - f. VE Day ceremony.
5. Battle of the Atlantic – Bell Ringing. On 24 April, the Coxn and I, supported by Chief of the Ship (COTS) and Chuck Goldberg, completed the BoA bell ringing ceremony. The video was forwarded to Ottawa PA for inclusion in the National BoA Bell ringing ceremony.

On behalf of SACKVILLE's crew, I would like to thank you for your support to Canada's Naval Memorial. Stay safe and Be well!

## **Annex F to 35<sup>th</sup> AGM MINUTES**

### **Membership Report: Patrick Charlton**

New Members 2019. Life: 22 - Annual: 33. 2020 (to date). Life: 8 - Annual: 10

Membership statistics: 970 members on the books. 56% Nova Scotia. 44% outside NS. Life: 446 (46%)  
Annual active: 412 (42.5%) Annual unpaid 2014-2017: 112 (11.5%)

Membership Initiatives for 2020

The Covid - 19 pandemic has impacted the ability to connect with the general public. However, some information is getting out there via Action Stations, our social media outlets and word of mouth.

Membership promotion in conjunction with the hull re-plating fundraising campaign.

Advertising in military newspapers in the fall.

Working in conjunction with RCN on events for the 75th Anniversary of the end of the Battle of the Atlantic.

With HMCS SACKVILLE at her summer berth, promotion of the ship and membership during the tourist season will be via the joint information kiosk with the Maritime Museum of the Atlantic.

Donor Recognition Programme modern-day parameters for the Just for The Hull of It campaign:

\$100 - \$499 General Donation  
\$500 - \$2499 Convoy Class Supporter  
\$2,500 - \$4,999 Corvette Class Supporter  
\$5,000 - \$9,999 Frigate Class Supporter  
\$10,000 – \$24,999 Destroyer Class Supporter  
\$25,000 - \$49,999 Cruiser Class Supporter  
\$50,000 - \$99,999 Carrier Class Supporter  
\$100,000 - \$249,999 Division Level Supporter  
\$250,000 - Squadron Level Supporter

To date, there have been 83 donations made to the Just for The Hull of It Campaign totalling \$44K. That represents 8.5% of the membership making a contribution.

## **Annex G to 35<sup>th</sup> AGM MINUTES**

### **Election of Board of Directors: Bryan Elson**

1. Anderson, Carl
2. Armstrong, Heather
3. Benoit, David (New this year, former CO FMFCS Halifax)
4. Black, Neil
5. Brown, Wendall
6. Charlton, Pat
7. Chiasson, Roger
8. Weadon, Bryn
9. Findlay, Debbie
10. Woodburn, Bill
11. Goode, Tony
12. Jessup, Pat
13. McFadden, Dean
14. Pickford, John
15. Reddy, Gary
16. Stoffer, Peter
17. Elson, Christopher
18. Gard, William

Bryan Elson: Past Chairman

## **Annex H to 35<sup>rd</sup> AGM MINUTES**

### **WORKNG COMMITTEES**

#### **MOU Committee:**

Bill Woodburn



Tony Goode  
Wendall Brown

**FUND RAISING COMMITTEE:**

Bill Woodburn  
Tony Goode  
Roger Chiasson

**ADVISORS TO THE BOARD:**

|                |                           |
|----------------|---------------------------|
| Bryan Elson    | Former Past Chairperson   |
| Doug Thomas    | Former Executive Director |
| Sean Layden    | Legal Advisor             |
| Brian Flemming |                           |

**Annex J to 35<sup>rd</sup> AGM MINUTES**

**PRESENTATIONS:**

Message from retired Vice-Admiral Hugh MacNeil was read by Debbie Findlay on his behalf:

Hello CNMT and all the hard-working TEAM.

The CNMT now must, with the necessary reluctance, recognize a major milestone in its august history, with the pending retirement of Wendall Brown, our outstanding and long serving Chair of our Trust; and who can correctly be termed: our " Naval Memorial's modern-day Saviour".

It is fair and accurate to state, that without his understanding of how the Navy 'works', his Naval historical knowledge, his understanding of the TRUE meaning of what "SACKVILLE" represents to the Navy and our nation, and how that should be portrayed in a meaningful and wise manner; his knowledge and supporting relationship with the Maritime Museum of the Atlantic; his understanding, knowledge and good working relationship with important officials of the city of Halifax; and the drive and wisdom to bring all together, and how to achieve the wise and sensible long reaching vision, have all been key supporting elements in ensuring the long term future of our Naval Memorial.

Bravo Zulu Wendall

Cheers Hugh

**Canadian Naval Memorial Trust**  
**Financial Statements**  
*December 31, 2020*

# Canadian Naval Memorial Trust

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*For the year ended December 31, 2020*

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To the Trustees of Canadian Naval Memorial Trust:

## Qualified Opinion

We have audited the financial statements of Canadian Naval Memorial Trust (the "Trust"), which comprise the statement of financial position as at December 31, 2020, and the statements of fund operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects, if any, described in the Basis for Qualified Opinion Section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for Qualified Opinion

In common with many charitable organizations, the Trust derives revenue from donations, including admissions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Trust and we were not able to determine whether any adjustments might be necessary to donation and admission revenue, excess (deficiency) of revenues over expenditures, assets and trust surplus.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Dartmouth, Nova Scotia

May 21, 2021

*MNP* LLP

Chartered Professional Accountants

**Canadian Naval Memorial Trust**  
**Statement of Financial Position**  
*As at December 31, 2020*

|   | Operating Fund   | Preservation Fund | Canadian Naval Memorial Project Fund | Endowment Fund | 2020             | 2019             |
|---|------------------|-------------------|--------------------------------------|----------------|------------------|------------------|
| <b>Assets</b>   |                  |                   |                                      |                |                  |                  |
| <b>Current</b>  |                  |                   |                                      |                |                  |                  |
| Cash  | 462,788          | 52,950            | 10,082                               | -              | 525,820          | 785,395          |
| Accounts receivable (including government refunds of \$44,416; 2019 - \$14,424) | 44,322           | -                 | -                                    | -              | 44,322           | 17,834           |
| Inventories   | 21,084           | -                 | -                                    | -              | 21,084           | 24,082           |
| Prepaid expenses  | 8,157            | -                 | -                                    | -              | 8,157            | 7,570            |
| Due from Funds (Note 5)   | -                | -                 | 6,565                                | -              | 6,565            | 133,769          |
| <b>Capital assets (Note 6)</b>  | <b>536,351</b>   | <b>52,950</b>     | <b>16,647</b>                        | <b>-</b>       | <b>605,948</b>   | <b>968,650</b>   |
| <b>Artifacts (Note 6)</b>   | <b>2,976,292</b> | <b>-</b>          | <b>-</b>                             | <b>-</b>       | <b>2,976,292</b> | <b>2,568,264</b> |
| <b>Long-term investments (Note 7)</b>   | <b>12,517</b>    | <b>-</b>          | <b>-</b>                             | <b>-</b>       | <b>12,517</b>    | <b>12,517</b>    |
|   | <b>-</b>         | <b>2,096,426</b>  | <b>447,495</b>                       | <b>93,476</b>  | <b>2,637,397</b> | <b>2,278,335</b> |
|   | <b>3,525,160</b> | <b>2,149,376</b>  | <b>464,142</b>                       | <b>93,476</b>  | <b>6,232,154</b> | <b>5,827,766</b> |
| <b>Liabilities</b>  |                  |                   |                                      |                |                  |                  |
| <b>Current</b>  |                  |                   |                                      |                |                  |                  |
| Accounts payable and accrued liabilities  | 538,038          | 4,255             | -                                    | -              | 542,293          | 15,642           |
| Deferred contributions related to ship refit (Note 8)                           | 2,537,914        | -                 | -                                    | -              | 2,537,914        | 2,884,558        |
| Deferred revenue  | 13,000           | -                 | -                                    | -              | 13,000           | 13,000           |
| Due to Funds (Note 5)   | 6,565            | -                 | -                                    | -              | 6,565            | 133,769          |
|   | <b>3,095,517</b> | <b>4,255</b>      | <b>-</b>                             | <b>-</b>       | <b>3,099,772</b> | <b>3,046,969</b> |
| <b>Trust surplus</b>  | <b>429,643</b>   | <b>2,145,121</b>  | <b>464,142</b>                       | <b>93,476</b>  | <b>3,132,382</b> | <b>2,780,797</b> |
|   | <b>3,525,160</b> | <b>2,149,376</b>  | <b>464,142</b>                       | <b>93,476</b>  | <b>6,232,154</b> | <b>5,827,766</b> |

Approved on behalf of the Board of Directors

 Director  
 Director  
 FCAA FCAA

The accompanying notes are an integral part of these financial statements

**Canadian Naval Memorial Trust**  
**Statement of Operations and Changes In Operating Fund**  
*For the year ended December 31, 2020*

|   | 2020           | 2019    |
|---|----------------|---------|
| <b>Revenues</b>                                       |                |         |
| Donations - General and Trustees                      | 117,368        | 133,097 |
| Donations - Life memberships                          | 6,600          | 16,700  |
| Donations - Memorials                                 | 5,133          | 18,944  |
| Special donations                                     | 18,385         | 35,596  |
| Admission   | 707            | 56,148  |
| Miscellaneous revenue                                 | -              | 8,605   |
| Grant revenue (Note 9)                                | 21,625         | 7,672   |
| Canada Emergency Wage Subsidy grant (Note 11)         | 61,569         | -       |
| Endowment fund administration fee                     | 813            | 710     |
| Gift shop   | 850            | 7,769   |
| Sackville Mess  | 1,012          | 12,419  |
| Deferred contributions related to ship refit (Note 8) | 346,644        | 615,442 |
|   | <b>580,706</b> | 913,102 |
| <b>Expenditures</b>                                   |                |         |
| <b>Ship operations</b>                                |                |         |
| Amortization - ship refit                             | 346,644        | 615,442 |
| Miscellaneous   | 3,911          | 904     |
| Repairs and maintenance                               | 9,418          | 9,015   |
| Summer employment                                     | 24,480         | 12,243  |
| Wages   | 49,683         | 43,413  |
|   | <b>434,136</b> | 681,017 |
| <b>Administration</b>                                 |                |         |
| Bank charges  | 3,673          | 3,252   |
| Amortization  | 25,232         | 28,274  |
| Insurance   | 18,284         | 19,208  |
| Postage   | 1,219          | 455     |
| Memberships   | 4,229          | 1,701   |
| Miscellaneous   | 6,300          | 4,651   |
| Professional fees                                     | 13,150         | 15,069  |
| Office  | 6,258          | 6,730   |
| Office supplies                                       | 1,928          | 1,897   |
| Telephone   | 4,280          | 3,830   |
| Travel  | 15,297         | 26,050  |
| Stipend and wages                                     | 76,623         | 73,593  |
|   | <b>176,473</b> | 184,710 |

*The accompanying notes are an integral part of these financial statements*

**Canadian Naval Memorial Trust**  
**Statement of Operations and Changes In Operating Fund**  
*For the year ended December 31, 2020*

|  | <b>2020</b>     | <b>2019</b>     |
|--|-----------------|-----------------|
| <b>Promotion and publicity</b>                                 |                 |                 |
| Action Stations newsletter                                     | 7,549           | 11,906          |
| Advertising and promotion                                      | 5,133           | 41,865          |
| Memorial activities and awards                                 | 1,572           | 8,658           |
| Postage  | -               | 100             |
| Website  | 2,350           | 6,123           |
|  | <b>16,604</b>   | <b>68,652</b>   |
| <b>Gift shop</b>   |                 |                 |
| Gift shop purchases  | -               | 4,754           |
| Wages  | -               | 7,306           |
|  | -               | 12,060          |
| <b>Sackville Mess</b>  |                 |                 |
| Bar purchases  | 376             | 8,270           |
| Food and supplies  | 1,215           | 5,441           |
|  | <b>1,591</b>    | <b>13,711</b>   |
| <b>Total expenditures</b>                                      | <b>628,804</b>  | <b>960,150</b>  |
| <b>(Deficiency) of revenues over expenditures for the year</b> | <b>(48,098)</b> | <b>(47,048)</b> |
| <b>Operating Fund - beginning of year</b>                      | <b>401,573</b>  | <b>448,621</b>  |
| <b>Transfer from Preservation Fund (Note 5)</b>                | <b>76,168</b>   | <b>-</b>        |
| <b>Operating Fund - end of year</b>                            | <b>429,643</b>  | <b>401,573</b>  |

*The accompanying notes are an integral part of these financial statements*



**Canadian Naval Memorial Trust**  
**Statement of Preservation Fund Operations and Changes In Preservation Fund**  
*For the year ended December 31, 2020*

|   | <b>2020</b>      | <b>2019</b>      |
|---|------------------|------------------|
| <b>Revenues</b>   |                  |                  |
| Donations   | 2,885            | 10,053           |
| Dividends   | 22,833           | 19,189           |
| Interest  | 37,493           | 45,705           |
| Gain (loss) on disposal of investments  | 4,360            | (17,425)         |
| Foreign exchange (loss) gain  | (38,791)         | 23,300           |
|   | <b>28,780</b>    | <b>80,822</b>    |
| <b>Expenditures</b>   |                  |                  |
| Investment fees and bank charges  | 14,552           | 14,792           |
| Endowment fund administration fee   | 813              | 710              |
|   | <b>15,365</b>    | <b>15,502</b>    |
| <b>Excess of revenue over expenditures for the year before unrealized gain on investments</b> | <b>13,415</b>    | <b>65,320</b>    |
| Unrealized gain on investments  | 43,421           | 213,738          |
| <b>Excess of revenues over expenditures for the year</b>                                      | <b>56,836</b>    | <b>279,058</b>   |
| <b>Preservation Fund - beginning of year</b>  | <b>2,164,453</b> | <b>1,885,395</b> |
| <b>Transfer to Operating Fund (Note 5)</b>  | <b>(76,168)</b>  | <b>-</b>         |
| <b>Preservation Fund - end of year</b>  | <b>2,145,121</b> | <b>2,164,453</b> |

*The accompanying notes are an integral part of these financial statements*

**Canadian Naval Memorial Trust**  
**Statement of Canadian Naval Memorial Project Fund Operations and Changes in Canadian Naval Memorial Project Fund**  
*For the year ended December 31, 2020*

|   | 2020           | 2019           |
|---|----------------|----------------|
| <b>Revenues</b>   |                |                |
| Dividends   | 5,312          | 5,541          |
| Loss on disposal of investments   | (94)           | -              |
| Donations   | 345,250        | -              |
|   | <b>350,468</b> | <b>5,541</b>   |
| <b>Expenditures</b>   |                |                |
| Bank charges  | 2              | -              |
| Amortization  | -              | 1,511          |
|   | <b>2</b>       | <b>1,511</b>   |
| <b>Excess of revenue over expenditures before unrealized (loss) gain on investments</b> | <b>350,466</b> | <b>4,030</b>   |
| Unrealized (loss) gain on investments   | (19,810)       | 21,756         |
| <b>Excess of revenue over expenditures for the year</b>                                 | <b>330,656</b> | <b>25,786</b>  |
| <b>Canadian Naval Memorial Project Fund - beginning of year</b>                         | <b>133,486</b> | <b>107,700</b> |
| <b>Canadian Naval Memorial Project Fund - end of year</b>                               | <b>464,142</b> | <b>133,486</b> |

*The accompanying notes are an integral part of these financial statements*

**Canadian Naval Memorial Trust**  
**Statement of Endowment Fund Operations and Changes in Endowment Fund**  
*For the year ended December 31, 2020*

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|   | <b>2020</b>   | <b>2019</b> |
|---|---------------|-------------|
| <b>Revenues</b>   |               |             |
| Donations   | <b>12,191</b> | 10,280      |
| <b>Excess of revenue over expenditures for the year</b> | <b>12,191</b> | 10,280      |
| <b>Endowment Fund - beginning of year</b>               | <b>81,285</b> | 71,005      |
| <b>Endowment Fund - end of year</b>                     | <b>93,476</b> | 81,285      |

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*The accompanying notes are an integral part of these financial statements*

# Canadian Naval Memorial Trust

## Statement of Cash Flows

*For the year ended December 31, 2020*

|   | <b>2020</b>      | <b>2019</b> |
|---|------------------|-------------|
| <b>Cash provided by (used for) the following activities</b> |                  |             |
| <b>Operating</b>  |                  |             |
| Excess of revenue over expenses                             | <b>351,585</b>   | 268,076     |
| Amortization  | <b>371,876</b>   | 645,227     |
| (Gain) loss on disposal of investments                      | <b>(4,360)</b>   | 17,425      |
| Unrealized gain on investments                              | <b>(23,611)</b>  | (235,494)   |
| Deferred contributions related to ship refit                | <b>(346,644)</b> | (615,442)   |
| Contributed artifact  | -                | (6,500)     |
| Stock donations   | <b>(273,797)</b> | -           |
|   | <b>75,049</b>    | 73,292      |
| Changes in working capital accounts                         |                  |             |
| Accounts receivable   | <b>(26,488)</b>  | 273,504     |
| Inventories   | <b>2,998</b>     | (1,618)     |
| Prepaid expenses  | <b>(587)</b>     | 1,274       |
| Accounts payable and accrued liabilities                    | <b>526,648</b>   | 1,470       |
| Deferred revenue  | -                | 5,000       |
|   | <b>577,620</b>   | 352,922     |
| <b>Investing</b>  |                  |             |
| Acquisition of capital assets                               | <b>(779,904)</b> | (31,869)    |
| Acquisition of long-term investments                        | <b>(80,813)</b>  | (355,957)   |
| Proceeds on disposal of long-term investments               | <b>23,522</b>    | 275,719     |
|   | <b>(837,195)</b> | (112,107)   |
| <b>(Decrease) increase in cash resources</b>                | <b>(259,575)</b> | 240,815     |
| <b>Cash resources, beginning of year</b>                    | <b>785,395</b>   | 544,580     |
| <b>Cash resources, end of year</b>                          | <b>525,820</b>   | 785,395     |

*The accompanying notes are an integral part of these financial statements*

# Canadian Naval Memorial Trust

## Notes to the Financial Statements

For the year ended December 31, 2020

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### 1. Incorporation and nature of the organization

The objectives of the Canadian Naval Memorial Trust are to sustain appreciation of our national heritage through the preservation and promotion of the contributions made by Canada's Navy; to honour those who sacrificed their lives and to remember those who served in the naval service of Canada; to produce, operate and maintain an Interpretation Centre of Canadian Naval and associated maritime history, with HMCS Sackville as the symbol of national achievement in the Second World War; to acquire by way of grant, gift, purchase, bequest, devise, or otherwise, real and personal property and to use and apply such property to the realization of the objects of the Trust; and to buy, own, hold, lease, mortgage, sell and convey such real and personal property as may be necessary or desirable in the carrying out of the objects of the Trust.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

#### **Cash and cash equivalents**

The company's policy is to disclose bank balances under cash and cash equivalents, including balances held at a financial institution.

#### **Inventory**

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

#### **Capital assets**

Purchased capital assets are recorded at cost.

Amortization is provided using the following rates intended to amortize the cost of assets over their estimated useful lives.

|                         | <b>Method</b>     | <b>Rate</b> |
|-------------------------|-------------------|-------------|
| Computers               | declining balance | 55 %        |
| Equipment and furniture | declining balance | 20 %        |
| Website                 | straight-line     | 5 years     |
| Ship refit              | straight-line     | 10 years    |

#### **Artifacts**

The collection of artifacts is recognized in the statement of financial position. Purchase of collection items are accounted for at cost when cost approximates fair value. Contributions of collection items are accounted for at fair value or nominal value based on appraisals by independent appraisers.

When events or circumstances indicate that the carrying value of a collection or a collection item may exceed its fair value, the collection or collection item is written down to its fair value or replacement cost as determined on an item-by-item basis.

#### **Long-lived assets**

Long-lived assets consist of capital assets and artifacts. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Trust writes down long-lived assets held for use when conditions indicate that the asset no longer contributes to the Trust's ability to provide goods and services. The asset are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Trust determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value and the impairment is recognized in the Statement of Operations for the Operating Fund.

#### **Financial instruments**

The Trust recognizes its financial instruments when the Trust becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, except for certain non-arm's length transactions, which are measured at the exchange amount.

**2. Significant Accounting Policies** *(Continued from previous page)*

The Trust subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recorded through the statements of Preservation Fund operations and Canadian Naval Memorial Project Fund operations.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

**Financial asset impairment:**

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in the statement of operations. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of any reversal is recognized in the statement of operations in the year the reversal occurs.

***Deferred contributions related to ship refit***

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Trust's ship refit. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

***Revenue recognition***

Fund Accounting

The Trust follows the restricted fund method of accounting for donations.

Operating Fund

Donation revenue received for the regular operations is recorded on a cash basis. Amounts received for life memberships are recognized as revenue in the operating fund. Donations of shares are recorded at the fair market value of the shares at their donation date. Interest income is recorded using the accrual method of accounting. Revenue from the gift shop, Sackville Mess and ticket sales is recognized on the date the goods are sold. Revenue from grants is recorded in the operating fund based on the terms of the underlying grant.

Canadian Naval Memorial Project Fund

The Canadian Naval Memorial Project Fund is an internally restricted fund that has been established by the Trust for the promotion and development of a long-term conservation solution for the ship. Donations received for the Canadian Naval Memorial Project Fund are recognized as revenue in that fund. Revenue from grants is recorded in the Canadian Naval Memorial Project Fund based on the terms of the underlying grant. Investment income is recorded using the accrual method of accounting.

Preservation Fund

An internally restricted Preservation Fund has been established by the Trust for the purpose of preservation of the ship. The income earned on the Preservation Fund investments is being used from time to time as the Board of Directors determines it is necessary for the on-going preservation of the vessel. Donations and bequests are recorded as income in the Preservation Fund in the period they are received. Donations of shares are recorded at the fair market value of the shares at their donation date. Investment income is recorded using the accrual method of accounting.

Endowment Fund

An externally restricted endowment fund has been established by the Trust. The income earned on the Endowment Fund investments is recognized in the Preservation Fund. Donations and bequests are recorded as income in the Endowment Fund in the period they are received. Donations of shares are recorded at the fair market value of the shares at their donation date. The Endowment Fund is subject to an administration fee as determined by the Board of Trustees.

All revenue is recorded when collection is reasonably assured.

**2. Significant Accounting Policies** *(Continued from previous page)*

**Government assistance**

Government assistance is recorded on the financial statements when there is reasonable assurance that the Trust has complied with, and will continue to comply with, all conditions necessary to obtain the assistance. Capital asset grants are recorded as deferred contributions and amortized as revenue at the same rate as depreciation of the asset. Operational grants are accounted for as grant revenue in the year the related expense is incurred.

**Restoration expenses**

The costs of HMCS Sackville's restoration are expensed as incurred.

**Trust surplus**

The Canadian Naval Memorial Trust allocates its surplus based on expected future use as follows:

- (i) Operating Fund - available for annual operations and maintenance and general use of the Trust;
- (ii) Preservation Fund - available for the preservation of the ship.
- (iii) Canadian Naval Memorial Project Fund - available for the long-term conservation of the ship.
- (iv) Endowment Fund - available for the long-term conservation of the ship.

**Contributed services**

Volunteers contribute services to the Trust. Because of the difficulty in determining fair value, contributed services are not recognized in these financial statements.

**Measurement uncertainty (use of estimates)**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in the statement of operations in the periods in which they become known.

**3. Change in accounting estimate**

Effective December 31, 2020, the Trust revised the estimated useful life of ship refit from 5 years to 10 years. This change in useful life was applied prospectively and prior year results have not been restated.

**4. Financial instruments**

The Trust, as part of its operations, carries a number of financial instruments. It is management's opinion that the Trust is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

**Credit risk**

The Trust is exposed to credit risk on the accounts receivable from its members. In order to reduce its credit risk, the Trust has adopted credit policies which include the regular review of their members' credit limits. The Trust does not have a significant exposure to any individual member or counterpart. The Trust has not incurred any bad debt expense for the last three years.

The Trust is exposed to concentration risk on its cash as it is held at one institution. This risk is mitigated as the institution is a major financial institution in Canada.

**Canadian Naval Memorial Trust**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2020*

**3. Financial instruments** (Continued from previous page)

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Trust is mainly exposed to currency risk and price risk.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Trust enters into transactions to purchase and sell marketable securities denominated in US Dollar currency for which the related revenues, expenses are subject to exchange rate fluctuations. As at December 31, 2020, the following items are denominated in US Dollar currency:

|                       | <b>2020</b>      | <b>2019</b>  |
|-----------------------|------------------|--------------|
|                       | <b>CAD\$</b>     | <b>CAD\$</b> |
| Marketable securities | <b>1,378,896</b> | 1,307,403    |

At the end of the year, year the foreign exchange rate from US to Canadian dollars was 1.27 (2019 - 1.30).

**Other price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Trust is exposed to other price risk through its traded investments that are quoted in an active market.

**5. Interfund transactions**

During the year, the Trust transferred \$76,168 (2019- nil) from the Preservation Fund to the Operating Fund.

At year-end there are amounts outstanding from the Operating Fund to the Canadian Naval Memorial Project Fund. These advances are non-interest bearing and have no set terms of repayment.

**6. Capital assets**

|                         | <b>Cost</b>      | <b>Accumulated<br/>amortization</b> | <b>2020<br/>Net book<br/>value</b> | <b>2019<br/>Net book<br/>value</b> |
|-------------------------|------------------|-------------------------------------|------------------------------------|------------------------------------|
| Computers               | 46,941           | 46,592                              | 349                                | 777                                |
| Equipment and furniture | 165,358          | 88,862                              | 76,496                             | 93,999                             |
| Website                 | 29,298           | 23,439                              | 5,859                              | 11,719                             |
| Ship refit              | 3,855,674        | 962,086                             | 2,893,588                          | 2,461,769                          |
|                         | <b>4,097,271</b> | <b>1,120,979</b>                    | <b>2,976,292</b>                   | <b>2,568,264</b>                   |

During the year, the Operating Fund acquired the equipment held by the Canadian Naval Memorial Project Fund for \$6,043, which represented its carrying value at the time of the transaction. For the year-ended December 31, 2020, all of the capital assets are held by the Operating Fund. For the year-ended December 31, 2019, the Canadian Naval Memorial Project Fund held equipment with a net book value of \$6,043.

The original asset value of HMCS Sackville is recorded at \$1 and the asset value of the model HMCS Sackville artifact is recorded at \$12,517 (2019 - \$12,517). During the year, the Trust received a contributed artifact independently appraised for value of \$nil (2019 - \$6,500). These assets are not amortized as they have an indefinite useful life.



**Canadian Naval Memorial Trust**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2020*

**7. Long-term investments**

At December 31, 2020, the long-term investments are comprised of

|   | Cost 2020        | Market value<br>2020 | Cost 2019        | Market value<br>2019 |
|---|------------------|----------------------|------------------|----------------------|
|   | \$               | \$                   | \$               | \$                   |
| <b>Preservation fund</b>                    |                  |                      |                  |                      |
| RBC Dominion Securities                     | 234,763          | 336,666              | 276,635          | 409,395              |
| Seamark Asset Management                    | 1,617,649        | 1,758,096            | 1,609,392        | 1,675,559            |
| Cash surrender value of life insurance      | 1,664            | 1,664                | 1,664            | 1,664                |
|   | <b>1,854,076</b> | <b>2,096,426</b>     | <b>1,887,691</b> | <b>2,086,618</b>     |
| <b>Canadian Naval Memorial Project Fund</b> |                  |                      |                  |                      |
| RBC Dominion Securities                     | 469,512          | 447,495              | 112,639          | 110,432              |
| <b>Endowment Fund</b>                       |                  |                      |                  |                      |
| RBC Dominion Securities                     | 93,476           | 93,476               | 81,285           | 81,285               |
|   | <b>2,417,064</b> | <b>2,637,397</b>     | <b>2,081,615</b> | <b>2,278,335</b>     |

Any unrealized gain/loss for the investments held in the Endowment Fund are recognized in the Preservation Fund in the year they occur.

Subsequent to year-end, the investments held in the Preservation Fund, under Seamark Asset Management, were liquidated for approximately \$1,803,000. \$1,355,000 will be used to pay for ship refit costs and \$448,000 will be reinvested.

**8. Deferred contributions related to ship refit**

Deferred capital contributions consist of the unamortized amount of contributions received for the ship refit. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

|   | 2020             | 2019      |
|---|------------------|-----------|
| Balance, beginning of year                          | 2,884,558        | 3,500,000 |
| Less: Amounts recognized as revenue during the year | (346,644)        | (615,442) |
| Balance, end of year                                | <b>2,537,914</b> | 2,884,558 |

**9. Government assistance**

During the year, the Trust applied for and was awarded a grant from the Canadian Summer Jobs Program in the amount of \$21,625 (2019 - \$7,672). The grant was recognized as revenue in the Operating Fund.

During fiscal year 2018, an agreement was reached between the Trust and the Commander of Royal Canadian Navy relating to the hull refit. The Department of National Defence has provided the Trust with \$3,500,000 to cover the cost of the refit. The refit began during the prior year and has not been completed. The grant has been spent in its entirety as at December 31, 2020.

**10. Commitments**

The Trust entered into an agreement with the Government of Canada for the Trust to provide a commitment up to \$1,000,000 to support the completion of the ship refit which is expected to be completed by March 31, 2021.

# Canadian Naval Memorial Trust

## Notes to the Financial Statements

*For the year ended December 31, 2020*

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### 11. COVID - 19

In December 2019, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Trust as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

In March 2020, the Government of Canada announced the introduction of the 10% Temporary Wage Subsidy (TWS) and in April 2020, the Canada Emergency Wage Subsidy (CEWS) to support employers that are hardest hit by the pandemic and protect jobs Canadians depend on. The subsidy generally covers 75% of an employee's wages (to a maximum) for employers of all sizes and across all sectors who have suffered a drop in gross revenue of at least 15% in March, 30% in April-December and at varying rates from July to December. The Trust determined that it would be eligible for the CEWS and TWS Program and has applied for such assistance from the Government of Canada. At December 31, 2020, the Trust has recognized \$61,569 and \$2,428 (netted against wages expense) in assistance from the CEWS and TWS programs, respectively. The Trust has recorded this government assistance as part of grant revenue in the statement of operations for the Operating Fund.

The Trust will continue to review all programs offered by the Government and ensure it applies for all appropriate support.



