

NAVY LEAGUE OF THE UNITED STATES
National President's 120 Day Report

Activities

Savannah, Cincinnati, Memphis, Tampa, Albuquerque, Camden-Kings Bay and other Councils have had some exciting programs that I attended over the past 120 days.

Back at National, I participated in Navy League Congressional support activities and had meetings with key leaders in military support organizations and with corporate sponsors.

The new bylaw revision, the budget, and finance revisions have shown actual results. Conducting monthly steering committee meetings via teleconference and participating in the region president monthly teleconference has kept me abreast of the activities of the Navy League. Through these calls the senior leadership team is up-to-date on events, programs and problems the Navy League is experiencing.

In the next 100 days or more it is my hope to visit more councils to get their input on current Navy League activities in their areas.

Bylaws Changes (Governance)

All current and Emeritus National Directors along with Council Presidents should have received a copy of the proposed bylaws. These much needed changes are supported by me and many others. They are the results of the governance committee working through the changes that were briefed at the June National Convention. The length of the bylaws has been reduced. The revision moves some procedures such as required numbers and terms of office to the *Operations Manual*.

The proposed bylaws provide a more efficient organization by setting up national officer terms that are staggered and downsizing the number of national directors. They eliminate the steering committee and the current executive committee and sets up a new executive committee of about 20 people to govern between board meetings. The new EXCOM includes national officers and one third of the region

presidents. The proposed succession plan will help develop and prepare candidates for national office. The changes in the national nominating committee will insure regional representation and allow for the addition of experienced members to participate.

The governance and bylaw committees have notes to show how the changes migrated to different positions and what procedures moved to the *Operational Manual*. These procedural changes will be provided as soon as possible. A summary is presented in Appendix 1.

Finances

In an ongoing effort to improve the financial accounting reporting system, it was necessary to update the reporting format that makes a final alignment with GAAP standards. This change has simplified departmental procedures and increased transparency. In line with this process, a new financial reporting format will be found in the monthly report for September.

Strategically, the steps to improve the Navy League's financial health began with the National Leadership working with the Executive Director and Staff to renegotiate and/or cancel at least eight contracts saving the Navy League hundreds of thousands of dollars. These included competing our Line of Credit (LOC) and banking relationships. The Gaylord contract for Sea Air Space (SAS) was renegotiated and will save about \$200K in expenses each year.

Overall, expenses as of 30 August in 2013 have been reduced by \$328K over 2012. However, revenue for 2013 has not developed according to budget. As of 30 August the organization is about \$900K below budget revenue projection. The Staff is working hard to hold down expenses to compensate for lost revenue. Hiring has been frozen for all but one staff vacancy and cuts have been made to other programs.

As part of the Board of Directors meeting there will be a presentation in detail of budget and finance status on 15 November at the Directors Meeting.

Budget for 2014

A proposed budget for next fiscal year has been published. It is expected the Navy League will receive \$9.35M in revenue and have \$10.14M in expenses experiencing a shortfall of \$794K. To cover this deficit a combination of funds from the investments and Line of Credit will be necessary. This reduces the deficit from 2012 of \$1.9M while the projected deficit from the 2013 budget is \$483K however it may increase as the year progresses. The Navy League has operated with a deficit for approximately the last ten years. The goal is to develop more revenue sources and increase revenue from existing sources. SAS is projected to produce more net revenue in the coming years.

The examination of having membership dues increase is being looked into. The changing of the dues requires a 30 day notice in order to proceed, therefore it will be discussed at the meeting in November. I would like to consider a \$15 increase in the individual member category for next two years making a total of \$80 per year for individual membership. This would be without a change in the amount of the council rebate. This increase is based on a preliminary assessment that memberships cost the Navy League \$80 per year. This assessment is different from the proposal that was sent out. Other dues categories such as student, virtual, overseas and perhaps a way to have limited active duty participation are an option and will be looked at by the membership committee.

Additionally, we are considering a program where Navy League members make donation calls as way to increase revenue. The Harris development contract has been cancelled.

Expenses look different for each department because General and Administrative expenses have been allocated to each. G&A is primarily a combination of salary and building expense. The professional staff and national vice presidents have worked very hard to get down to \$10.1M which is slightly higher (\$600K) from 2013. Expense and revenues will be monitored on a monthly basis and adjust expenses down for any lost revenue. All National Directors should have received a copy of the budget.

Appendix 1

Major Items moved from bylaws to *Operations Manual*:

<u>Article</u>	<u>Topic</u>
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3.2	Criteria Membership classes
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3.3	Membership Dues
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3.4	Resignation of Membership
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4.1	Annual Meeting
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	Procedure of notice
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	Election of ND
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	Procedure for voting
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	Presentation of reports
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4.5	Electronic Meetings
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	Conducted
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4.6	Minutes
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	Distribution procedures
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5.2	Composition of Board of Directors
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Explain Ratio

Rounding

Restate minimum of two (2) Apportioned National

Directors for each Region

5.3 National Directors

Ratio (5.2 and explanation of "Qualified")

5.4 Failure to attend National Meetings

6.1 Election of National Officers

Terms of Office

6.3.2.2 Removal

Procedure for removal and appointment

6.10 Region Presidents Qualifications

7. National Executive Director - staff evaluations

8. Terms of office (see 6.1)

9.1 Exec Committee

Terms and replacement procedures

9.3 National Nominating Committee

Consider that to be a National Officer, one must be a

National Director (or National Director Emeritus)

10. NL Foundation

Rules and Procedures