



Treasurer's Report

Wikimedia Australia Annual General Meeting



Craig Franklin

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Acknowledgements

The success that the chapter has enjoyed in the past twelve months would simply not have been possible without the generous assistance that has been provided by a number of people. I would particularly like to thank my fellow members of the Wikimedia Australia committee over the past year; John Vandenberg, Adam Jenkins, Sarah Ewart, Anne Frazer, Andrew Owens and Charles Gregory for the many hours of work that they have put in to spread the work and keep me from becoming overloaded throughout the year. I'd also like to thank the non-executive members of the strategic planning subcommittee; Jutta von Dincklage, Angela Starling, Kerry Raymond, Liam Wyatt and Gngarra, without these people we simply would not have a strategic plan to implement next year.

I'd also like to acknowledge the great work that Brian Salter-Duke has done as the organisation's public officer; his dedication and steady hand in making sure that all of the various 't's are crossed and 'i's are dotted is worth its own paragraph in the acknowledgements section!

Finally, I'd like to thank all of the members of the organisation and Australian Wikimedians generally who have chipped in with suggestions, applied for a grant, come to a meet up, or just joined in on discussions on the mailing list. The community and the movement in Australia has such a fantastic depth of talent to draw upon, and I'm constantly in awe of what we are able to do when we work together. If we've had a fantastic year, it's because of you.



Image 1: Wikimedians meet in Brisbane

The year in review

The chapter has had an excellent year in which we've been able to significantly expand our asset base, and with that, our ability to execute programmes and achieve the organisation's goals. Without doubt the biggest event from a financial point of view in the previous year has been our participation in the 2010 fundraiser in partnership with the Wikimedia Foundation. For the first time this has allowed us to accumulate significant cash reserves that will make many of the ambitious goals outlined in the strategic plan a reality. However, there have also been a number of other positive developments over the past year that will position us well into the future.

Highlights

- **Improving our Accounts Receivable and Accounts Payable processes.** People who received payments from the organisation in the past will know that up until this year, the simple act of paying someone, whether a supplier or a grant recipient, was a convoluted process that involved mailing cheques all over the country through the post. Even when everything went fine, this was a lengthy and frustrating process, and it carried many risks around cheques or paperwork being lost in transit. In the past year, we have transitioned to a model where the default way of making a payment is an electronic funds transfer (EFT), which is nearly instantaneous and in line with the industry standard.
- **Improved tax compliance.** Wikimedia Australia voluntarily applied for Goods and Services Tax (GST) registration in March of 2011. While there is additional paperwork involved in this process, it also allows us to claim GST rebates and access other forms of assistance from the tax office. While the total GST refund in the 2010/11 financial year was only small (\$345), I expect that we will be able to access more significant tax concessions in the future. We also self-assessed as being exempt from company tax under Australian Tax Office (ATO) rules for non-profit organisations.
- **Improved money management.** In the past, chapter funds have been kept in a simple cheque account. Following discussions with our bank, we have restructured our internal funding arrangements so that we are able to maximise the interest that we receive on our deposits. The total amount of interest we have received went from less than one dollar in the 2009/10 financial year to over four and a half thousand dollars in 2010/11.
- **Changes to internal accounting practices.** During the year, Wikimedia Australia moved from recording its accounts on a single-entry cash basis, to a double-entry accrual balance, in line with Australian Accounting Standards and as appropriate for an organisation of our size. Funds are also now accounted for on a cost centre basis, giving better visibility on expenses and budgets for individual projects and programmes.
- **Expanded grants programmes.** In the 2010/11 financial year, the chapter gave out more than \$130,000 in grants to individuals and organisations.
- **Participation in WMF fundraiser.** All of the above would simply not have been possible without our participation in the WMF fundraiser. It is a source of great disappointment to me

that the WMF has unilaterally decided to withdraw from future joint fundraising agreements of this type, as I believe that it is the best and most equitable model to ensure that the goals of the movement are advanced in Australia.

The future

While I am generally pleased by the progress that has been made this year in the chapter's financial affairs, there are still areas needing attention that I hope that the new committee will give due concern to. In particular, I recommend:

- The acquisition of a software accounting product, compatible with Australian accounting standards and requirements (for instance, GST compliance) to standardise the way that we deal with money entering and leaving the organisation.
- The development of standard policies on bread and butter financial issues, for instance, on travel allowances, procurement policies, and grant disbursements.
- Investigating alternative sources of funding for programmes, besides grants from the Wikimedia Foundation. Recent events have shown that the Foundation cannot be relied upon to provide funding for our programmes in the future, which makes this a top priority.
- Currently, the financial statement attached as an appendix to this report has not yet been audited. It would be good in the future to begin audit preparations as soon as possible after the end of the financial year so that a complete set of audited statements can be ready by the time of the AGM. The reasons for not having the audit complete are due to timing issues, and we do not believe at this point that there will be any problems with getting the statements approved.
- Ultimately, as the chapter grows, it will not be feasible for volunteers to continue managing the increasingly complex financial affairs of the chapter. Some thought will need to be given to transitioning to a model more suited to dealing with a medium-sized organisation, whether that be outsourcing financial management to another organisation, or developing the capability internally with paid staff.



Image 2: Wikimedians meet in Canberra. Image by Leigh Blackall.

Grants

As mentioned above, over \$130,000 worth of grants have been made by the chapter in the 2010/11 fiscal year. These have ranged from a major unrestricted grant to the Wikimedia Foundation to pursue its general charitable activities, to grants of under \$100 to local Wikimedians to host meetups and get-togethers.

Of the grants given to members in Australia to 1 October 2011, Western Australians were the biggest recipients, followed closely by Queenslanders. No grants were made in South Australia, the Northern Territory or the ACT; a key goal for the coming year should be to make sure that all potential applicants in these areas are aware of the grant opportunities that are available to them.

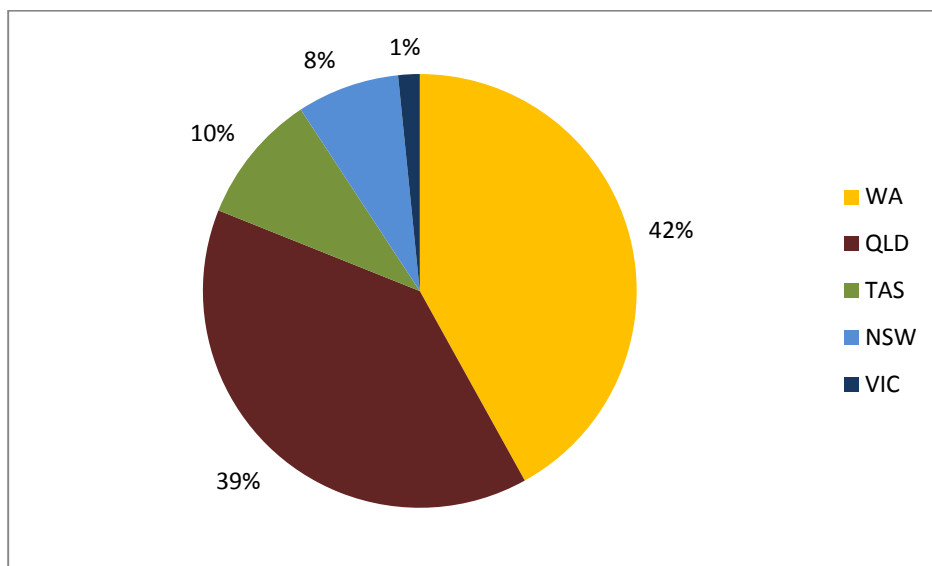


Figure 1: Grant proportion per state

It should be noted that although some modifications to grant proposals were requested by the committee, and one was withdrawn before being assessed, no grant requests were rejected during the year. The majority of applications were approved as-is on the first attempt.

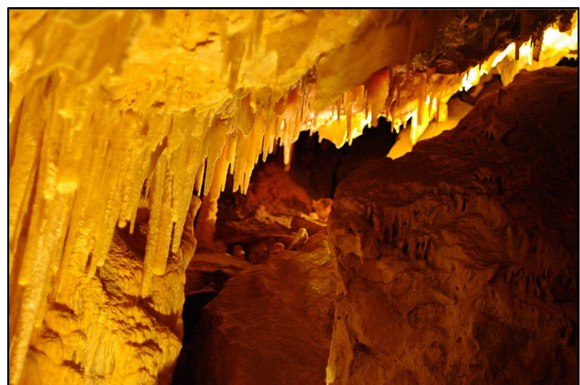


Image 3: "Ngilgi Cave" by Gngarra, an image made possible by a WMAU grant.

Revenue and Expenses

In the 2010/11 financial year, the chapter ended with a net operating surplus of \$192,119.21. This is derived from total revenues of \$347,122.48 and total expenses of \$155,003.27. Cash reserves on 30 June totaled \$204,038.34.

Revenues

The vast bulk of revenue came from donations made to the chapter. The vast bulk of these donations were received during the WMF annual fundraising period from 15 November to 15 January.

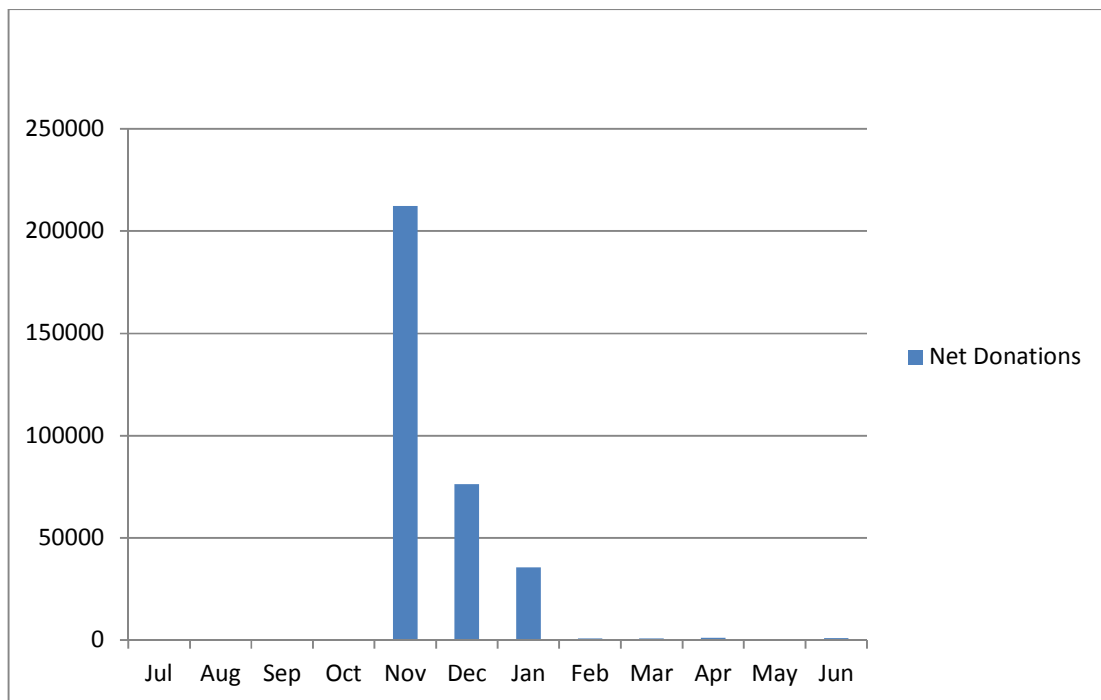


Figure 2: Donation amounts per month. Amount includes donations regardless of source.

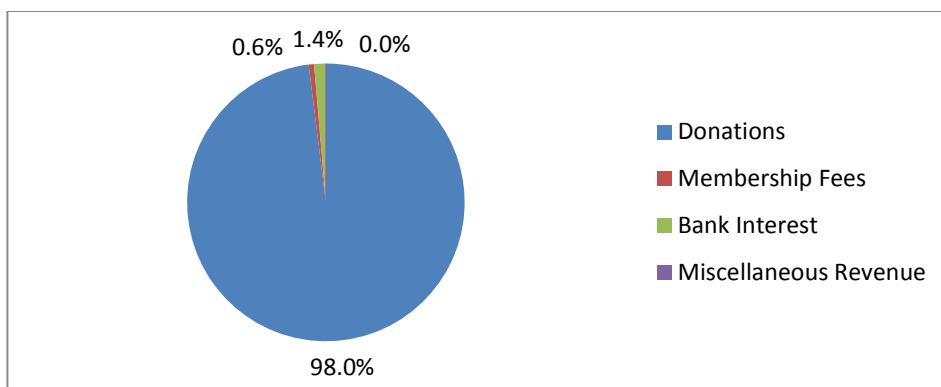


Figure 3: Revenue by Source (2010/11 financial year)

Expenses

The bulk of chapter expenses were grants made to external organisations and individuals. Non-discretionary expenses (primarily PayPal fees) also accounted for a significant portion of total expenditure.

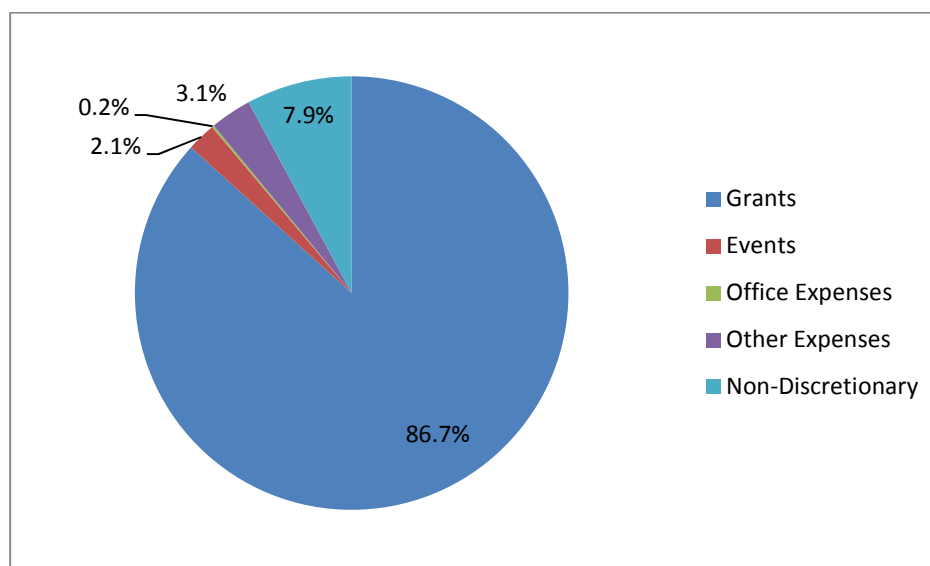


Figure 4: Expenses by Type

Overall, while there is a pleasing lack of overhead expenses in the above numbers, I expect that as the organisation continues to mature and additional administrative tasks become necessary, the amount of administrative overhead will increase as a proportion of total expenditure.

Board Expenses

From time to time, the committee has elected to pay or reimburse committee members for work done on behalf of the chapter. Such payments are subject to the same approval mechanisms as normal expenses. Committee members are also permitted to apply for grants through the normal channels. It is expected that committee members recuse themselves from deliberations related to payments that they might receive.

Prominent payments to committee members during my previous term of office include:

- Payments for Craig Franklin and Andrew Owens to attend the 2011 chapters conference in Berlin, Germany.
- Payment for Adam Jenkins to attend the 2011 Wikimedia fundraising conference in Vienna, Austria.
- Payment for Craig Franklin, Anne Frazer and Charles Gregory to attend the strategic planning meeting in Sydney. John Vandenberg also happened to be in Sydney at the time and had accommodation expenses reimbursed.

The total costs of the above came to \$9407.77. Note that many of these payments did not occur until the 2011/12 financial year and thus are not accounted for in the attached statement of profit and loss.

Strategic Planning

While not strictly a matter of financial management, I had the privilege to chair the chapter's strategic planning subcommittee in 2011. The task of this subcommittee was to develop a strategic plan for the organisation that would broadly outline the direction that the chapter should take over the next three years.

Much of the group's work took place at a meeting held in Sydney in July. A weekend was spent discussing the various issues and opportunities that the chapter has, and how the chapter should respond to them. I was delighted to find that of all the people in the room, we managed to quickly come to a consensus on most of the issues and the best ways of dealing with them.

After the meeting in July, the plan was placed on the Wikimedia Australia website for review and editing by regular members of the chapter. Again, reaction was mostly positive, and while some minor adjustments have been made to spelling and terminology used, I'm thrilled that people have been pretty much in agreement with the subcommittee's thinking and that there has not been any controversy or violent disagreement.



Image 4: The strategic planning subcommittee meets in Sydney. Image by Gnangarra.

Key proposals in the strategic plan are:

- Formally adopting the vision statement of moving towards “*A world in which everyone can freely share in the sum of all knowledge.*”
- Focusing on the core priorities of improving communication with stakeholders, supporting volunteer initiatives, and professionalising internal operations.
- Supporting ten key project areas with the aim of consolidating existing success and expertise, and growing the chapter in order to reach new audiences and tackle new problems.
- Investigating on a continual basis how we can make sure that our work aligns with that of the Wikimedia Foundation.
- Looking towards the future and considering what the chapter may be able to achieve over the long term.

Appendix: Financial Statement

This appendix consists of the draft version of the financial statements, which were accepted on 15 September by the committee at their monthly meeting. These statements are yet to be audited.

Statement of Financial Position

Balance Sheet - As At 30 June 2011

Assets

Cash

Primary Bank Account	169,261.63
Secondary Bank Account ^(note 4)	32,518.39
PayPal	2,258.32

Total Cash	204,038.34
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Non-Cash

GST Credits ^(note 5)	400.00
Income Withheld by ATO ^(note 6)	2,179.90

Total Non-Cash	2,579.90
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Total Assets	206,618.24
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Liabilities

Undeposited Cheques ^(note 7)	345.00
GST Payable ^(note 5)	55.00

Total Liabilities	400.00
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Equity

Accumulated Equity	206,218.24
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Total Equity	206,218.24
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Note: This balance sheet should be read in conjunction with the attached Statement of Profit and Loss and Notes to the Financial Statements.

Statement of Financial Position

Profit and Loss Statement

From 1 July 2010 to 30 June 2011 inclusive

Revenues

Donations	340,280.04
Membership Fees	2,150.00
Bank Interest	4,692.15
Miscellaneous Revenue ^(note 9)	0.29

Total Revenues

347,122.48

Expenses**Grants**

Grants to WMF	127,727.60
Grants to Other WM Chapters	2,158.87
Grants to Community ^(note 10)	4,762.67

Total Grants

134,649.14

Office Expenses

Postage	56.75
Telecommunications	199.98

Total Office Expenses

256.73

Event Expenses

Travel ^(note 11)	2,294.00
Insurance ^(note 12)	52.00
Vehicle Hire	900.00
Catering ^(note 13)	84.70

Total Event Expenses

3,330.70

Other Expenses

Sponsorships ^(note 14)	4,120.00
Web Hosting ^(note 15)	63.74
Merchandise	400.00
Security Tokens ^(note 16)	40.00
Gratuities ^(note 17)	150.00
Miscellaneous Expense	10.00

Total Other Expenses	<u>4,783.74</u>
Non-Discretionary Expenses	
PayPal Fees	11,944.49
Bank Fees	20.00
Telegraphic Transfer Fees	90.00
CAV Fees <small>(note 18)</small>	185.20
Total Non-Discretionary Expenses	<u>12,239.69</u>
Total Expenses	<u><u>155,003.27</u></u>
<i>Net Surplus/(Loss)</i>	<u><u>192,119.21</u></u>

Note: This Statement of Profit and Loss should be read in conjunction with the attached Balance Sheet and Notes to the Financial Statements.

Statement of Financial Position

Notes to the Financial Statement

1. The Wikimedia Australia financial year runs from 1 July to 30 June the following calendar year.
2. All figures in this document, unless otherwise noted, are stated in Australian Dollars (AUD).
3. Prior to 1 February 2011, Wikimedia Australia conducted its financial accounting on a single-entry cash basis. After that date, Wikimedia Australia conducted its financial accounting on a double-entry accrual basis.
4. This secondary bank account for donations received is necessary under New South Wales fundraising laws.
5. Wikimedia Australia voluntarily registered for GST effective from 1 March 2011. The amounts shown are for the quarterly reporting period spanning April to June 2011. These amounts will offset to produce a net GST refund of \$345. This refund will be received during the following financial year.
6. Withholding tax was paid on our behalf by Bendigo Bank on bank interest received during the year. As Wikimedia Australia is exempt from paying income tax as an “Information and communications technology resources” development organisation according to Australian Tax Office (ATO) document NAT 7967, this amount will be refunded to Wikimedia Australia in the following financial year.
7. A single cheque, issued by Wikimedia Australia, for \$345 was outstanding on June 30.
8. Wikimedia Australia did not hold any fixed assets at 30 June 2011.
9. This amount represents a test deposits made by PayPal Pty Ltd to confirm our control over our bank account.
10. Represents ten distinct grants made to individuals to support the goals of the organisation.
11. Represents travel allowances (accommodation, meals, petrol, etc.) paid to individuals travelling to WMAU events on behalf of the organisation, where expenses were not covered by a grant.
12. Travel Insurance paid on behalf of a committee member attending a conference on behalf of the organisation.
13. Only includes at-function catering, not meal allowances incurred by individuals travelling on behalf of the organisation.
14. Includes sponsorships of RecentChangesCamp Canberra in January 2011, and Meta2011 conference in May 2011.
15. During the year, we migrated from our previous paid webhosting service to a service hosted and donated by Linux Users of Victoria (LUV).
16. Represents purchase of security tokens to enable the organisation to process Electronic Funds Transfers (EFTs).

17. Represents gratuity to a member for presenting a session to Mosman City Council for which the chapter received a payment in the previous fiscal year.
18. Fees charged by Consumer Affairs Victoria (CAV) for processing of our annual report and changes to rules.
19. These notes should be read in conjunction with the attached Balance Sheet and Statement of Profit and Loss.