

Financial report by treasurer Pat Mächler (member PP-CH + PWB)

As this is the first financial report by a PPI treasurer presented at a GA, I will not only describe the situation of 2011, but also try to recap the previous years shortly. However I'd like to remind you that these are probably not to be taken as official treasurer reports by me, but rather as a reconstruction from my side as an aid to you; hugely based on bank statements that have been collected by Jurgen Rateau.

The finances of PPI are currently based on private donations.

Events before 2010

PPI had been established during a pirate conference as a collective in September 2008 where Andrew Norton (US/UK) was appointed as coordinator of it. In August 2009 he stepped down and passed the function of coordinator over to the "coreteam" (kind of a intermediary board) led by me and Samir Alloui [1][2]. In August the coreteam members first meet in person in Bavaria [3]; Samir and I later went to Nurnberg, Samir further to Berlin. The gasoline for the travel was partially refunded by crowd-sourced donations at the events. During the coreteam meeting of 17th September 2009 Nicolas Sahlqvist (SE) had been appointed as treasurer by the coreteam. The coreteam members met in Brussels around 18th of September and were able to open a bank account there as informal association at the Triodos bank [4]. Jurgen Rateau (BE) was so kind to be the official contact address for the bank account, which he is up to this day.

I am not in possession of any bank statement, nor any donation statement from 2009, but only of receipts of the travels to Brussels which were not refunded by PPI, but instead were paid by the members of the coreteam.

Events in 2010

I stepped down in favour of Jerry Weyer by the end of February 2010 [5].

Given the bank statements from 2010 I assume there was a bank charge of 24.96€.

There was an arrangement made with pirates in NL that they could use the Triodos account to collect donations, as they were unable to open a bank account before the registration of PP-NL. According to my insight in total 50€ were not transferred from the bank account on behalf of PP-NL, thus are still booked as a liability to PP-NL.

As Christian Engström (SE) was inviting certain pirates (mostly possible delegates for the upcoming PPI conference) as guests to the EP on 16th of April PPI received money in order to cover the costs of the travel and food for the participants from the EU visit. All participants were asked to provide information in order to refund the money. The bank statements show payments to some of the participants. Out of the 14900€, 2000€ have been given to PP-BE for providing a venue to the EU visit participants, 10000€ have been transferred to the Triodos account for refunding them later and 2900€ were retained in cash by Nicolas, which is assumed to have been used to refund EU visit participants (Nicolas is responsible to the EU to transfer the money to the EU travel visitors).

The PPI conference in Brussels was held on 17th and 18th April 2010 where the PPI statutes were first adopted and the PPI board was elected. I've been elected as a lay auditor of PPI, while Nicolas Sahlqvist was elected as treasurer. 250€ had been donated by PP-DE for the conference which were almost immediately transferred to the PP-BE. The financial responsibility of the PPI conference organisation was held by PP-BE and no loss or gain was in the responsibility of PPI (according to Jurgen Rateau the conference was about break-even for PP-BE).

As of the end of 2010 out of the 14900€ 7279.02€ have been refunded, leaving 7620.98€ on the bank account. A further discussion of the events in this respect is given in the report of 2011 below.

The lay auditor Ole Huusgard (DK) claimed that 500€ have been donated at the PPI conference in cash to Nicolas (backed by witness of other pirates). This cash has not been transferred by Nicolas to PPI. Assuming it has not been used for refunds at the place (instead of money left at the bank), Nicolas Sahlqvist is owing PPI this 500€ as no cash has been transferred as of now by Nicolas (also see 2011 below).

In 2010 there was a bank interest revenue of 3.78€ and a state interest expense of 0.71€.

The income/loss statement for 2010 can thus be summarized as follows

Revenues

Operating revenues

Donations (PPI) 500.00€

Financial Revenues

Bank interest 3.78€

Expenses

Financial Expenses

State interest rates -0.71€

Bank charges -24.96€

Total Income/Loss 478.11€

The balance sheet by 31.12.2010 is summarized as follows

Assets

Current Assets

Cash equivalents

Cash 500.0€

Bank account Triodos.be PPI (523-0803583-13) 7649.09€

Total Assets Accounts 8149.09€

Liabilities

Current Liabilities

Other current liabilities to related parties

EU travel 2010 7620.98€

PP-NL donations 50€

Total Liabilities Accounts w/o income/loss 7670.98€

Income/Loss (assumed as equity) 478.11€

Total Liabilities Accounts 8149.09€

Financial report 2011

In 2011 before the PPI conference 2011 some further refunds have been made by the bank account for the EU travel of 2010 with a total value of 159.10€, reducing the liabilities concerning the EU visit to 7461.88€.

The financial responsibility of the PPI conference/GA 2011 organisation was held by PP of "Kreisverband Ravensburg-Bodenseekreis" and no loss or gain was in the responsibility of PPI (according to the accountant of the PP the conference was about break-even for them).

At the PPI GA 2011 Nicolas Sahlqvist was not providing a financial report to the lay auditors (even thus being initially responsive to the requests). The lay auditors thus wrote a corresponding report for the PPI GA 2011. At the GA I was elected as treasurer of PPI. Being aware of the issue on the EU money I made a public call to all pirates eligible to be refunded from the EU travel of 2010 if they need further refunding (also see "current prospects 2012" below).

I was not able to get direct access to the Triodos bank account during my term as treasurer (for details see my board member report). Thereby all of the following was handled by a personal cash account (thus partially as liability to PPI). Furthermore I forgot to ask Jurgen Rateau in time about all the bank statements received as of 2011. Thus the bank interest and the state interest for the Triodos account 2011 is unknown, but assumed to be in the same range as of 2010 (i.e. totaling in a gain below 3€).

Right after the conference the domain pp-international.net had to be renewed. I renewed it for 5 years, totaling in an expense of 52.09€.

In the year 2011 we had 2 donors, namely another donation by Ole Husgaard (PP-DK, 500€ general donation in cash at the GA) and me (209.78€ for PPI stickers, which had been directly ordered). Said stickers are intended to be give-aways and thus have been already depreciated by 208.78€ down to 1€ by the end of 2011 (they are intended to be depreciated down to 0€ as soon as they have been all given away).

During 2011 we intended to register the PPI HQ in Brussels as an AISBL (i.e. as an international NGO without commercial aim). The notary prospected the price around 1400€, whereby 700€ were paid directly in advance by cash and the rest to be paid when the registration had been filed at the Ministry of Justice in Belgium.

The income/loss statement for 2011 can thus be summarized as follows

Revenues w/o financial revenues

Operating revenues

Donations (PPI) 709.78€

Expenses w/o financial expenses

General and administrative expenses

Legal & consultancy expenses

PPI HQ registration -700€

Travel, representation and ad expenses

Internet

Domains -52.09€

Accumulated depreciations

Merchandise Depreciation -208.78€

Total Income/Loss w/o Financial Interests 2011: -251.09€

The balance sheet by 31.12.2011 is summarized as follows

Assets

Current Assets

Cash equivalents

Bank account Triodos.be PPI (523-0803583-13) 7489.99€+(interest 2011)

Receivables

Receivables from related parties (Nicolas) 500€

Stocks

Merchandise & give-aways 1.00€

Total Assets Accounts 7990.99€+(financial interests 2011)

Liabilities

Equity 478.11€

Current Liabilities

Other current liabilities to related parties

EU travel 2010 7461.88€

PP-NL donations 50€

Liabilities to treasurer (Pat) 252.09€

Total Liabilities Accounts w/o income/loss €8242.08

Income/Loss (assumed as equity) -251.09€

financial interests 2011 (unknown)

Total Liabilities Accounts 7990.99€+(financial interests 2011)

Current prospects 2012

Concerning the call for the EU visit 2010 there was one remaining request for refund by the PP-LU about 393.19€ which has been set as remaining liability for now. All other replies received to the call I made last year from people eligible for refunding were in favour of giving their possible share as a donation to PPI. Thus in this year all of the remaining money has been changed into equity in the books.

In February 2012 the registration of the HQ could be finished; however due to a change in the rates the Belgian state demands from notaries, the price for the registration was now in total 1648.80€; thus we had to pay 948.80€. 750€ were paid in cash by me, thus rising the amount PPI owes me to 1002.09€.

We could convince the bank to transfer the remaining 198.80€ to the notary, but I did not succeed to get full access to it (see my board report).

As a donation of 149.94€ on my behalf I bought 1000 sheet of paper watermarked with PPI signet (i.e. rising the revenue by this amount); it is up to a new board member to set a feasible depreciation for it.

For the GA 2012 in Prague the informal arrangement was made in discussions with PP-CZ representatives that

1) the event should cover the costs + possibly travel costs for non-European delegates at around 80 participants

2) that gain and loss is also in the responsibility of PPI

All non-European delegates however decided later on not to come to the conference. However in certain cases a travel refund for certain pirates was discussed. According to the current expectations it's very unlikely that the conference will lead not into a surplus.

Currently the flight which I paid for Cory Doctorow for about 868€ was also booked as a liability.

Imminent expenses are expected to arise in order to update the PPI HQ (i.e. persons responsible, about 100€-150€, depending if it is done directly or with the help of a notary) and likely to keep one of the 2 vservers to pay a vservers running, respectively finding an alternative (box.media previously donated a vserver, but is not extending the offer; the other vserver is managed by PP-SE).

The current income/loss statement for 2012 looks as follows

Revenues

Operating revenues

Donations (PPI) 7218.63€

Expenses

Travel, representation and ad expenses

travel expenses

Travel costs -868€

General and administrative expenses

Legal & consultancy expenses

PPI HQ registration -948.80€

Total Income/Loss: 5401.83€

Report on board position 2011-2012 by treasurer Pat Mächler (member PP-CH + PWB)

I would not call this year a very successful year for me. I think I developed some burnout and fed-up symptoms, especially in the last month and especially concerning PPI. The details of the report is mainly intended to describe where I see loose ends, that may should get fixed by upcoming board members.

I have been elected as treasurer during the PPI GA in Friedrichshafen. I actually promised that I would be mostly occupy with accounting and trying to avoid doing all the other stuff, but somehow I ended up more or less doing the opposite. I guess it was a mixture between personal idealism (i.e. trying to pull as much as possible) and procrastinational behaviour. During my time as a board member I also intended to do my master thesis; and obviously fucked at least the latter one up (I'm currently doing my second and last attempt), but this was also related to the fact that I was still quite involved in my national and regional party (PP Switzerland and PP of both Basel).

Let's get to the details.

I was primary responsible for the registration of the PPI HQ as an AISBL in Belgium, but other board members also helped with that, especially the statutes (Marcel, Samir, Thomas & Lola). In May Marcel, Samir, Lola and I first met in Brussels for the notary. A second meeting was with me and Samir in February 2012 for doing the rest. In the end we succeeded at last; according to the notary the AISBL has been officially granted on 22nd of March 2012; the official publication should occur this month.

There were a lot of attempts to get hold of the bank account at Triodos which failed in multiple attempts (e.g. gone missing on postal transfer, not all documents present due to misunderstandings with the bank, etc), which kinda got me frustrated.

The transparent bank account has not been opened as our research only led to fio.cz and fio.sk offering such a service, which would have required us to have a recognized legal person, such as the PPI HQ.

Concerning the accounting: I drafted a chart of accounts. However I think I was procrastinating too much on the accounting during the ya and did not fulfill the motion by PP-AU that was decided at the last GA to the full extent. However I likely did acquire more accounting skills during my term, also by visiting courses on IFRS, etc.

Recommendation: The accounting itself should probably outsourced to "technicians"; the technical part of the accounting is quite specialized, while the strategical part of finances should be more in the center of the whole PPI board member, but resided at one member. Apart from that from a controlling perspective it would be more sensible to implement a clearer SoD (http://en.wikipedia.org/wiki/Separation_of_duties); e.g. by having a CFO in the board and an accountant which is impertinent about signatures, receipts and accounting.

I have not done any fundraising. If PPI will not raise any member fees in the upcoming years, this aspect should probably be taken way more care of (further recommendation: see paragraph above).

I have not drafted a budget; partially probably due to procrastination, but even more as I find it somewhere inbetween difficult to futile for PPI to have a budget set in the current state, where the PPI board member have been almost exchanged fully each year and coming up with new ideas.

Recommendation: I think the most reasonable decision the GA probably could take at the moment regarding a possible budget would be to set certain goals in terms of expense, income and equity, but without too much details. Furthermore if it should be a budget that really should fit annually it would be wise to decide on it in autumn before the actual year, instead of April when the ordinary GAs take place.

I have not drafted a financial procedure, but considered different aspects; mainly as I felt not secure enough with this aspect.

Recommendation: I would suggest that PPI tries to adhere to IFRS when it comes to accounting; furthermore procedures such as SoD should be implemented for controlling and at a certain point it will be useful to implement regulations for expenses (currently travels have been still paid by board members themselves and were not registered).

I have been co-responsibly appointed for the GA by the board with Lola, but I think the major credit in this aspect should go to her.

Apart from that I was often taking the board minutes, was mainly doing some IT stuff as I had time for it and created several documents for PPI (PPI member scout, questionnaires, board transition issues, draft for joint communication strategy, ...) during my term.

[1] <http://lists.pirateweb.net/pipermail/pp.international.general/2009-August/003775.html>

[2] <http://lists.pirateweb.net/pipermail/pp.international.general/2009-August/003789.html>

[3] http://int.piratenpartei.de/PPI_Coreteam_Minutes_2009-08-29_and_2009-09-03

[4] <http://lists.pirateweb.net/pipermail/pp.international.general/2009-October/004772.html>

[5] http://int.piratenpartei.de/PPI_Coreteam_Minutes_2010-02-22