

Pirate Parties International (PPI)

Lay auditor report 2013/14

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This is a report by the lay auditors of PPI for the financial period 2013/14 which was assumed to begin with the financial statement of the last PPI General Assembly (GA).

This lay auditor report was drafted by lay auditor Pat Mächler and was sent to lay auditor Sven Clement for review, who replied that he is in support of it. The third elected lay auditor Keith Goldstein could not be reached since February by the two mail addresses provided by Gregory Engels, nor were requests for any contact data answered by the party he is (or was?) member of.

Sven can not be present during this PPI GA due to personal reasons, which is why this report is primary based on the first-hand insights of just one lay auditor, that is Pat.

Course of the review for the period 2013/14 by the lay auditor

Pat first wrote to Marc Tholl (who was elected into the board as designated treasurer at the last GA) on 9th of March 2014, asking for the status of the PPI finances. The third attempt on March 14th was answered by Marc Tholl. He replied with one text line stating that he was sorry, but that there is no accounting nor an account he had access to. Subsequent mails requesting for further clarification March 14th, 23rd and April 5th by Pat to Marc were not answered at all. According to the board minutes Marc did not show up on the board meetings few months after the previous GA.

On the PPI board meeting of April 8th 2014 a budget drafted by Gregory Engels approved, which shed some light on the financial changes of PPI since the last GA, as it included numbers of this period as well as some comments.

Pat subsequently contacted Gregory. It was agreed that a review of the cash as well as existing bills and receipts would be made one day before the yearly PPI GA on Saturday April 12th. Pat expressed that he would expect a income statement along with a balance sheet and a commentary.

Said review was done on the evening of April 12th. Bills and receipts concerning expenses paid by the board members such as travel costs to third-party conferences and IT infrastructure costs were not included in this review, as they were paid from personal pockets and not centrally gathered. Included in the review were bills and receipts from the ThinkTwice conference in Germany and the current PPI conference here in Paris.

There was no accounting data of the conference in Kazan available, which was said to be due yet.

Details of the review on Saturday for the period 2013/14

The receipts and bills provided by Gregory for the two PPI events mentioned above were mostly complete, except for travel expenses for one speaker at the ThinkTwice conference (assumed to be 90+/-5€), as well as the coffee, streaming (600€) and office material expenses (budgeted at 250€) for this conference which have yet to be written.

It was said that the PPI GA conference in Kazan resulted in a minus of about 50€.

For the ThinkTwice there were participation payments of 1320€ and about 1220€ expenses (venue 832.16€, speaker expenses about 387€) which results in a plus around 100€.

For this PPI conference in Paris, to the date of the review there had been fees of 500€ collected as well as 43.49€ from the coffee box and a surplus of 36.45€ from the food orders. The fee for the venue was publicly funded. Actual expenses consisted of about 600€ for streaming and an unknown amount for coffee and office material (budgeted at 250€). Assuming expenses of 200€ this would result in a minus of about 220€.

Due to the still missing bank account, a general cash box was introduced by Gregory at the ThinkTwice conference. Its contents summed up to 739.04€. These was 48.20€ above the available receipts for both events (690.84€). Gregory assumes that these are donations that were not properly noted down in receipts. Due to a previous counting these were assumed to be around 11€ from the first, and about 37€ from the second event.

With these very crudely approached numbers, when including both PPI GA conferences lay auditor Pat would assume a total 120€+/-50€ to be likely if adding up the current event. Without it there would be a plus of about 50€. This stands in contrast with the assumed reserve from the budget over 300€.

On the balance side payments of about 90€ from the ThinkTwice and 800€ from this Paris conference were accumulated due to be paid.

There were no indications of any accounts receivable that were accumulated during the course of 2013/14.

Budget document as a source for an accounting commentary

The following data was extracted from the budget that was approved by the PPI board on 8th April 2014. Above all the extracted data provides what would be expected from an accounting commentary.

Pirate Parties International Budget proposal - approved at PPI board meeting April 08 2014

Adapted by the lay auditors, by removing all budget aspects (without insertions, beside this textline)

	actual 2013/14	Comment
INCOME	12340	
From Membership Fees	0	The GA in Kazan failed to agree on a membership fees We have got a subsidy from the city of Frankfurt in form of a rebate of 80% of the rent for the ThinkTwice conference. The City of Paris has also subsidized 100% of the rental cost for the room for the PPI GA in Paris (the real cost is yet unknown, and as it is not
From subsidies	3400	covered by the corresponding expeduter, it is set to zero).
Donations	8240	We have got 500 Euro from Pirates without Borders, 240 Euro for the IT hosting costs from Gregory Engels and Georg Sinn, Travel expenses payd in private from board members for: 21 days WTO in Bali, 7 days WIPO meetings in Genf, 6 days PPEU in Brussels, 2 days PPEU Luxembourg, 2 days UNPA campaign meeting in Brussels, 9 days ThinkTwice Conference in Frankfurt, 3 days Share Republica conference in Rijeka, in total 50 travel days.
Sponsoring	600	We got a sponsoring from Streaming Services for the ThinkTwice conference
Misc income	100	including surplus of conference fees and other income
EXPENDITURE	12040	
IT costs	240	The runing costs resulted in (privately paid) server costs of a v-240 server and the domain registration fees
Legal costs	0	Legal costs include financial auditing and notary costs
General Assembly	50	The sum is the expected total cost for the PPI GA in Paris (after the public subsidy for the room rental.) The PPI GA in Kazan was coming out of -50 Euro in total.(paid by local organizers)
other events	4250	This is the total cost of the ThinkTwice conference. 3400 Euro for the room rental was waived as a public subsidy from the city of Frankfurt.
Travel expenditure	7500	Andersdotter in Brussels, that also serves as the Headquarter for the Pirate Party of Belgium and PPEU. We have not needed to pay for the rent, and we do not believe, that this is going to change
rental fees	0	soon.
salaries	0	
Reserve	300	Could be used for urgent campaigns or to enhance events

Reception by the lay auditor

While PPI is not in actual debt, the situation appears to have worsened since the last GA in two aspects:

- 1) with an increase of work with international bodies like the NGOs board members are now paying thousands of Euros for travel expenses out of their own pockets, due to missing funds. This partially stems from the facts that the GA set the budget and the member fees to 0 for the previous year. This can in no way be a sustainable approach for an international organization.
- 2) From an accounting point of view the quality degraded. While in the last year a classic balance sheet (only changes were noted) and an income statement in classical table form were missing, this year the income statement and the accounting commentary could only be “directly” inferred from a budget document. Changes on liabilities and accounts receivable were not available.

As of now there was no substantial reason to assume bad faith by the previously elected board members, but rather a lack of commitment to keep the accounting to a state that should be expected from PPI.

Recommendations

The lay auditor recommends that:

1. The GA mandates the board to change the financial year to 1st January till 31st December in order to
 - a) provide a frame that is not yet defined in the statutes
 - b) which makes it possible to compare subsequent years among each other
 - c) which provides enough time to the board till the next GA to create the required documents
 - d) which provides enough time to the lay auditors to review the existing data for the next GA
2. The GA takes special care in the upcoming board election to put at least one person who explicitly promises continuous dedication until the next GA and has either the skills in accounting or in task delegation to bring the accounting of PPI to a reasonable state
3. The GA takes special care in the upcoming lay auditor elections to put persons who explicitly promise to fulfill the mandated tasks and have the required skills in accounting
4. Until the next GA, the current GA mandates the newly elected treasurer to report periodically on a 3-month basis (by the calendar quarters) to all members about the current state of the improvement of current and past accounting.
5. If (4) gets accepted: until the next GA, the current GA mandates the newly elected lay auditors to review the data provided on a 3-month basis and discusses it with the treasurer. These lay auditors are then obliged to send an opinion report to all PPI members within three weeks.
6. The GA decides on a finance model and a budget for PPI which provides immediate means in order to cover travel costs in order to continue the current work at WIPO, WTO and probably other places if feasible.

