

Subject: [GA] 2018 budget proposal & 2017 results

From: Jonas Oberg <jonas@fsfe.org>

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To: ga@lists.fsfe.org

Dear all,

please find attached the council's proposal for a budget for 2018, including the results for 2015--2017 for comparison. Please note as usual there are some smaller deviations between the results here and the ones posted on our website. The latter include final adjustments by our tax consultant, including depreciation of assets, etc.

Also note that for this year, I've re-calculated the results for all years (2015 through 2017) based on our accounting files in order to make sure the numbers are comparable between years. In most cases, there have been no differences, but in a few cases, numbers for previous years have been adjusted.

Results

As you can see in our OVERVIEW tab, the FSFE is leaving behind another successful year, in terms of our financial development. Our income of 547k surpasses our expenses of 437k, which means a positive result of +110k which we add to our account.

Our income is certainly lower than in 2016 (when we had a number of extraordinary donations), but we have seen a continued growth in supporter contributions (+21k) which together with the contribution from Siemens (+75k) for the REUSE project constitute our most significant deviations from budget for the year. Excluding these developments, the income is in line with expectations and comparable to 2015.

You may remember that last year, we noted a weak growth of our supporter contributions (+6%), so we're happy to see a higher growth this year (+11%). Please see the INCOME tab for details.

For our expenses (refer to the EXPENSES tab), our expenses are significantly below budget in most areas. In particular, you will note that our cost for the PMCP campaign is lower than anticipated since the freelancer originally hired for the campaign had conflicting engagements in 2017, so we didn't use her time as much as we planned. We also did not have any larger volunteer summit, which also contributes to our lower spending in 2017.

We have, however, have significantly higher costs for technical infrastructure (16k compares to 8k budget), which is due to our work on the new Account Management System and technical support for the SaveCodeShare campaign.

Our budget for public awareness is in line with expectations overall, but we've seen a lower cost for event participation (10k compared to budget of 18k). The cost for Paul Hänsch may look increased, but is due to reallocation of his time from ADMIN-TECH to PA.

Overall, with a financial result of +110k, we add that to the funding we

had coming into 2017 and start the year 2018 with ca 372 kkr on our bank account -- more than we have ever had!

Budget 2018

As you know, one of our metrics we seek to improve is our cost-coverage at year start. This tells us how much of our budget for the fiscal year is already covered by funds in our bank account. This has been 20-21% for 2014--2016, increased to 56% for 2017 and is now 71% for 2018. So essentially: 71% of our budgeted activities in 2018 are already paid for by available cash.

Our estimated expenses for 2018 is 521k EUR which is comparable to our budgeted spending in 2017. We foresee a lower spending on employee costs, but a more significant increase in spending on policy work. Investment into the "Public Money - Public Code" campaign is a notable expense in this (39k EUR).

In the OVERVIEW tab, you can see what our current funding gap is. The funding gap is the difference between what we had on our account the 1st of January (incoming saldo) plus the known income we'll have in the year and the budgeted expenses.

Before 2016, we've had this as a funding gap, but for both 2017 and 2018 this has been a funding surplus, meaning that even if the only income we receive in 2018 is according to our cautious estimate, we would still have 256k left by the end of the year.

That's not what we're aiming for of course. We're aiming to raise more donations and other income in 2018 than our cautious estimate so that if possible, we increase our saldo rather than decrease it. In order to do so, the organisation needs to raise an additional 96,921 Euro beyond the our known income (our predicted yearly result).

For comparison, our final result for FY14-FY17 compared to our original cautious estimates have been:

	Estimate	Result	Delta
	=====	=====	=====
2017	375,040	472,437	97,397 (excluding extraordinary donations)
2016	359,180	499,241	140,061 (excluding extraordinary donations)
2015	350,000	441,963	91,963
2014	313,000	387,292	74,292

Outlook 2019

As we move forward to 2019 and the years beyond that, we would hope to see a continued growth in our supporters to support our long-term growth. The dip in 2016 seems to have been a one time occurrence, but we'll need to watch this continuously.

While surpassing budget, it's worth noting our regular donations have dropped in 2017 compared to earlier years (even if we exclude the extraordinary donations), so we would be hoping to see a stronger donor activity for 2018.

Questions and next steps

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Happy to hear any thoughts or questions about the budget. For our next General Assembly, it will be up to Patrick or Matthias to deliver a longer overview of our financial development, but I hope this has served a good starting point for that. I know Patrick is eager to dive deeper into our numbers and find additional metrics to look at, to increase our understanding of our resources and budgets.

Best,

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Jonas Öberg
Executive Director

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Budget 2018.GA.ods

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