

Wellington Astronomical Society

Accounts for the year ending 31 August 2023

Michael Papesch, Treasurer

7 November 2023

Roadmap

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Overview of WAS's accounting approach and control measures

- WAS's finances are separated into two accounts:
 - "Operations" = the day to day running of the Society
 - "Cretney" = use of the Cretney bequest to build the Dark Sky site in Martinborough, to upgrade the Gifford observatory, and to meet the operating costs of both
- We operate a cashbook during the year, and at year end we convert this into a normal set of "accrual" accounts
- A range of control measures are in place given an external auditor is too expensive for the Society:
 - We use Xero to process and manage all our transactions, and our reporting
 - A statement of the month's financial transactions is provided to each monthly Council meeting
 - All payments have to be approved by the Treasurer and one other Council member

Context for the Financial Year 2022/23

- Unlike last year, there were no significant one-off events in 2022/23 that significantly shaped the financial results:
 - There was only a limited amount of capital spending in 2022/23 (for the power supply at the Dark Sky site in Martinborough - \$2,829)
 - There were no significant one-off transfers in or out of the Society (in the previous year, the accounts were significantly impacted by the Gifford Trust being wound up and the resulting assets coming over to the Society)
- 2022/23 therefore provides a view of the underlying pattern for our annual revenue and expenditure, with the annual profile of spending for the Gifford and the Cretney/Dark Sky observatories becoming clear
- One exception to this picture is that we were able to retain the unspent portion of a grant (the “Trust House” grant) secured in the previous financial year, and apply these funds to our costs for 2022/23
 - This increased our income in 2022/23 by a one-off amount of \$2,492

Where our money comes from (excluding the money we have in the bank)

- Our sources of income are:

For Year ending August 31	2023	2022	2021	2020
CASH RECEIPTS:				
<i>Operations</i>				
Subscriptions	7,282.64	5,163.48	4,628.30	3,882.00
Donations received	77.25	0.50	250.00	300.00
Astronz referral fees	38.91	768.14	407.40	424.26
Merchandise sold (Calendars, Clothing, Binoculars)	1,295.61	2,509.46	2,665.07	2,797.50
Observing sessions	0.00	200.00	84.79	0.00
Interest earned	440.12	46.61	8.99	7.78
Other income	827.56	0.00	95.00	0.00
<i>Operations Cash Receipts</i>	9,962.09	8,688.19	8,139.55	7,411.54
<i>Cretney</i>				
Trust House grant for operating expenses	2,492.60	5,000.00	0.00	0.00
Refund of overpayment	0.00	153.04	0.00	0.00
Net Interest from Trust Account held by WCM Legal	0.00	0.00	1,474.70	3,434.98
Interest: Working Account -001	293.14	41.97	19.51	0.52
<i>Cretney Cash Receipts</i>	2,785.74	5,195.01	1,494.21	3,435.50
Total Cash Receipts	12,747.83	13,883.20	9,633.76	10,847.04

Where our money goes – operational activities

CASH EXPENSES:	2023	2022	2021	2020
<i>Operations cash expenditure on operational activities</i>				
Merchandise costs (Calendars, Clothing, Binoculars)	1,379.13	2,754.60	3,158.34	2,803.60
Observing sessions	490.00	40.00	490.00	150.00
Meeting Expenses and Speaker's Costs	1,976.25	637.87	549.85	134.28
Accounts review	0.00	0.00	250.00	0.00
Insurance	385.00	385.00	442.75	419.75
RASNZ Affiliated Society fees	375.00	425.00	375.00	0.00
Website	104.00	104.00	119.61	116.16
Runner-up binocular prizes	0.00	0.00	0.00	152.00
Astronz Runners' Up Prize	0.00	57.39	0.00	0.00
Scholarships for students to attend RASNZ conference	0.00	0.00	2,150.00	0.00
Xero expenses	607.50			
Other expenses	526.39	370.54	1,520.26	253.54
<i>Total Operations cash expenditure on operational activities</i>	5,843.27	4,774.40	9,055.81	4,029.33
<i>Cretney cash expenditure on operational activities</i>				
Internet and data costs: Gifford Observatory	692.24	678.24	3,932.43	1,026.42
Contribution to site costs, Dark Sky site	1,200.00	1,000.00		
Internet and data costs: Dark Sky site	1,720.02	1,185.31		
Insurance	2,247.57	1,872.50		
Power costs	1,160.87			
Equipment items each less than \$500 so not capitalised	1,969.59	2,947.11		
Tree pruning: Gifford Observatory	0.00	1,800.00		
Other expenditure	36.11	34.09		
<i>Total Cretney cash expenditure on operational activities</i>	9,026.40	9,517.25	3,932.43	1,026.42
Total cash expenditure on operational activities	14,869.67	14,291.65	12,988.24	5,055.75

Financial bottom lines

	2023	2022	2021	2020
Cash Profit/Loss on operational activities	-2,121.84	-408.45	-3,354.48	5,791.29
Net accrual adjustments - operations	198.80	323.05	621.95	-393.86
Net accrual adjustments - Cretney	0.00	-2,492.60	0.00	0.00
Net Income before Depreciation and Extraordinary Items	-1,923.04	-2,578.00	-2,732.53	5,397.43
Depreciation - Operations	-704.22	-830.40	-793.03	-702.43
Depreciation - Cretney	-22,609.24	-18,714.34	-9,517.06	-2,159.91
Write-off of long term assets - Operations	-193.73	-431.87	-232.52	0.00
Net Income after Depreciation and before Extraordinary Items	-25,430.23	-22,554.61	-13,275.14	2,535.09
Extraordinary Items				
Transfer of cash from wind-up of the Gifford Observatory Trust	0.00	2,528.49	0.00	0.00
Transfer of long term assets from wind-up of the Gifford Observatory Trust	0.00	30,000.00	0.00	0.00
Net Income after Depreciation and Extraordinary Items	-25,430.23	9,973.88	-13,275.14	2,535.09

Some important numbers to highlight ... 1

- We made a cash loss on our operational activities:

	2023	2022	2021	2020
Cash Profit/Loss on operational activities	-2,121.84	-408.45	-3,354.48	5,791.29

which would have been larger (ie: \$4,613) if we had not been able to use \$2,492 of the \$5,000 Trust House grant obtained in the previous financial year, which we were allowed to carry over.

This highlights the crucial role of external fundraising.

- Depreciation is an accounting charge to estimate the deterioration of our fixed assets over the year. In principle, businesses can use depreciation cash to build up cash reserves to replace assets, once they get to the end of their economic life (but not everyone does this). Our depreciation costs in 2022/23 were:

	2023	2022	2021	2020
Depreciation - Operations	-704.22	-830.40	-793.03	-702.43
Depreciation - Cretney	-22,609.24	-18,714.34	-9,517.06	-2,159.91
Write-off of long term assets - Operations	-193.73	-431.87	-232.52	0.00

- Because we are making cash losses, we are not accumulating reserves to replace our assets (although we could use any cash we have in the bank at the time). We come back to this later.

Some important numbers to highlight ... 2

- Before one-off items, even though we made a modest cash loss, once depreciation is taken into account WAS made a large accounting loss in 2022/23.

	2023	2022	2021	2020
Net Income after Depreciation and before Extraordinary Items	-25,430.23	-22,554.61	-13,275.14	2,535.09
Extraordinary Items				
Transfer of cash from wind-up of the Gifford Observatory Trust	0.00	2,528.49	0.00	0.00
Transfer of long term assets from wind-up of the Gifford Observatory Trust	0.00	30,000.00	0.00	0.00
Net Income after Depreciation and Extraordinary Items	-25,430.23	9,973.88	-13,275.14	2,535.09

- In 2021/22, this accounting loss was offset by the transactions associated with the transfer of the Gifford Observatory Trust assets (meaning that, in accounting terms, WAS made a profit in 2021/22). But there was no such offset in 2022/23.
- At 31 August 2023, we held just over \$43,400 in the bank:

Cash held at bank:	2023	2022	2021	2020
Operations: -000 account and -025 account	24,764.93	21,222.76	16,655.34	20,675.29
Cretney: -001 account	18,658.48	22,448.33	79,565.06	3,867.81
Cretney: WCM Legal trust account	0.00	0.00	0.00	233,905.21
Total cash held at bank	43,423.41	43,671.09	96,220.40	258,448.31

Capital Expenditure

- We spent \$2,829 on capital expenditure, through the Cretney bequest, on the Dark Sky site in 2021/22:

Capital Expenditure	2023	2022	2021	2020
<i>Operations Cash Expenses on Long Term Assets</i>	0.00	0.00	3,008.04	151.78
<i>Cretney Cash Expenses on Long Term Assets</i>				
Astronomical equipment	0.00	51,666.61	126,417.85	3,097.22
Automation equipment	0.00	225.28	27.81	544.99
Other equipment	2,829.79	0.00	24,444.47	1,640.18
Total Capital Expenditure	2,829.79	51,891.89	153,898.17	5,434.17

Budget 2023/24

- At this stage, we have not forecast any fundraising income, even though we have submitted several applications
- The cost of running our “operational” activities (monthly meetings etc) is estimated to be about \$4,600 excluding the Jubilee
- The budget for the Jubilee is \$2,650 – as a one-off expense
- The cost of running the Gifford and the Dark Sky is estimated to be about \$9,500. This excludes capital expenditure.
- The estimated cash deficit for the year is estimated to be just over \$7,400
- We will need to fundraise – or find other income - by at least this amount to breakeven on a cash basis this financial year.

Operating Statement Year Ending 30 August GST exclusive		Budget 2024
Income		
	Operations	
	Membership Subscriptions	7,415
	Observing sessions	
	Astronz referral fees	41
	Other income	
	Merchandise sold (clothing, calendars, binoculars)	1,373
	Cretney	
	Observing sessions	
	Sponsorship/Grants/Donations	0
	Interest	543
	TOTAL INCOME	9,372
Expenses		
	Operations	
	RASNZ Affiliated Society fees	398
	Insurance	408
	Meeting and Speakers' expenses	600
	Social events	292
	Website	110
	Observing sessions	500
	Accounting Software (Xero)	643
	Other expenses	267
	Merchandise costs (calendars, clothing, binoculars)	1,400
	Jubilee budget	2,650
	Cretney	
	Ground Lease Payments to John Whitby	1,272
	Insurance	2,382
	Data costs Gifford + Cretney	2,557
	Repairs/Maintenance on equipment	2,087
	Power	900
	Software updates	280
	Other expenses	36
	TOTAL EXPENSES	16,782
	GROSS PROFIT/LOSS BEFORE DEPRECIATION	-7,409

Depreciation/replacement of major assets

- At last year's AGM, we highlighted the need to come to a position on whether or how to build financial reserves to fully or partially replace assets once they reach the end of their life
- As we are forecasting to make a cash loss, no funds are being set aside to build reserves to replace our major assets (which is the principle behind charging depreciation in the accounts)
 - By major assets, for the purposes of this discussion think of the Dark Sky assets
- We have not been able to identify viable ways to earn the necessary income streams to build sufficient reserves to replace these major assets when they come to the end of their life
- This being the case, we recommend that the Society:
 - Own and operate the major assets until they are no longer substantially usable
 - Undertake repairs and maintenance, and replace the minor/supporting assets that keep the major assets operational (subject to availability of the funding at that time). Such costs are funded from cash reserves and/or fund-raising at the time
 - At the time the major assets are no longer substantially usable, the Society can consider whether/how to undertake a fundraising effort to wholly or partially replace the major assets – but that we do not attempt to raise/hold cash reserves for this purpose in the meantime.

Upcoming financial issues for the Council's consideration during 2023/234

Finding ways to balance the books:

- Fundraising – we have had major successes in the past; this will need an on-going focus and more support to help the fundraising effort
- Finding ways to raise income from other sources, but not from members – eg:
 - Koha at outreach events
 - Increasing on-the-spot donations from the public at public outreach events
- Addressing some potential financial risks (eg: having to pay significant amounts for monthly meeting venues)
- Looking at our costs again, especially with the Dark Sky and Gifford observatories and/or fund raising to support these costs

Discussion