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YOUR REF.

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9 May 2016

The Directors:
Wikimedia ZA (NPC)
Twenty Fifty Clubhouse
8 Spin Street
Cape Town
8000

Dear Douglas Scott.

REPORT OF FACTUAL FINDING OF WIKIMEDIA ZA NPC WITH RESPECT TO THE OVERSPEND OF FUNDS DURING THE 2015 YEAR END.

We have performed the procedures agreed with Wikimedia ZA NPC (hereinafter referred to as “the client”) and enumerated below with respect to the overspend of funding during the 2015 year, set forth in the accompanying schedules. Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon-procedures engagements. The following procedures were performed solely to assist the client with the determination of the cause of overspend of funding.

1. Compare actual received vs actual funding spent for each project. – Summary Schedule (Annexure B) and related supporting schedules.
2. Determine through the above summary which project will most likely have caused the overspend in funds.
3. Once the resulting project has been identified, provide a detailed explanation through supporting schedules as to why there was overspend. Summary Schedule (Annexure A), and note any discrepancies.

We report our findings below:

1. The actual funding received and spent for each projects was obtained from the bank statements and summarised on Annexure B
2. Inspection from the summary on Annexure B has led us to believe that the overspend has most likely occurred from the Admin Bridging Fund as the client has spent in excess of R338,441 more than what has been received. This project is used to cover all the operational costs of Wikimedia ZA.
3. The shortfall of funds was first noticed by the client during September 2015. It came about as the client realised that the cash available in the bank account would not be enough to cover its immediate obligations. As determined in procedure 2, the project that was responsible for this shortfall of cash was the Admin Bridging Fund. Through inspection, we highlighted the following that led to the overspend and performed an analysis on Annexure A as follows:
 - a. Through inspection, we highlighted that the client had submitted a proposal to the Wikimedia Foundation requiring funds of R711, 700 to cover the Admin Bridging Fund project. The client however only received R435, 168 from the Foundation. This clearly left the client with an initially shortage of funds amounting to R231, 684.
 - b. The shortfall of the Admin Bridging fund eventually rose to R366, 664 at the 1 January 2015 as the funds required to cover the Bridging fund project up to that date amounted to R674, 651 however only R307 986 was actually received.
 - c. The impact of the shortage of funds received from the foundation was only felt this late in the year as the client was utilising the surplus of funds remaining from other projects amounting to R 357,064. This would have given the client an initial deficit of R 9,600.
 - d. Coupled with the deficit of the above, the client incurred additional expenditure on other projects amounting to R38, 040. However as previously stated, these funds were already spent on the Admin Bridging Fund. This brought the deficit total to R47, 641.

Because the above procedures do not constitute an audit of financial information, a review of financial information or other assurance engagement on non-financial information conducted in accordance with International Standards on Auditing, International Standards on Review Engagements and International Standards on Assurance Engagements other than Audits or Reviews of Historical Financial Information, we do not express any assurance on the validity or accuracy of the reporting of the organization. Had we performed additional procedures or had we performed an audit or review, or other assurance engagement in respect of the financial reporting of the organization other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the accounts and items specified above and do not extend to any financial statements of Wikimedia ZA NPC.

Yours faithfully

A handwritten signature in blue ink that reads "Braude, Gordon & Co." in a cursive script.

Braude, Gordon & Co
Registered Auditors

Per L. Sher CA (SA)
Registered Auditor
Partner

Annexure A

Underspend summary

Brief:

As per annexure A, we have determined that the shortfall experienced by Wikimedia Foundation were resulted from the Admin funding. During January 2015, Wikimedia realised that they had a shortfall of funds to cover future obligations. This as calculated below, is due to the funding required to perform the admin and operations cost of Wikimedia not fully being released by the Foundation. The Foundation was of the opinion that Wikimedia had enough funding from underspend of other various projects, which at that time was true. However as time went past, the underspend from those projects were not enough to cover the admin/ operational costs. Additionally projects where there was an underspend was also used to fund the admin/ operational costs later required additional expenditure.

Funds requested not fully received

Year	(A) Amount request	(B) Amount received via bank statement	B-A Difference between amount requested and amount received
Aug 2012- 30 June 2013	-	-	-
July 2013- 30 June 2014	446 800.00	307 236.49	(139 563.51)
July 2014- 30 June 2015	264 900.00	172 780.00	(92 120.00)
	711 700.00	480 016.49	(231 683.51)

WMF admin (Actual funds received vs Actual funds spent) August 2013 -1 Jan 2015

Year	(A) Amount received via bank statement	(B) Amount spent via bank statement	A-B Difference
Aug 2012- 30 June 2013	-	26 394.04	(26 394.04)
July 2013- 30 June 2014	307 236.49	321 565.23	- 14 328.74
1 July -31 Dec 2014	750.00	326 691.60	(325 941.60)
	307 986.49	674 650.87	(366 664.38)

Total Underspend of projects @ 30 June 2014 (Annexure A)

Projects	Initial underspend
Jobpedia	97 390.61
Wiki loves monuments	181 752.22
Wiki indaba	77 920.96
	357 063.79

Sub - total

(9 600.59)

Expenditure on projects that were originally to be funded by underspend @ 30 June 2014

Year	Projects	Amount
2015	Jobpedia	(14 224.00)
2015	Kiwix	(23 816.00)
		(38 040.00)

Underspend/ Shrotage @ 1 Jan 2015

(47 640.59) A+B+C

Notes

N1: Due to significant underspend on other various projects, the Foundation thought Wikimedia had enough funding to cover its Admin costs. This was initially the case until additional expenses were spent on the underspent projects.

Annexure B

Summary of amount received vs amount spent per project

2013

Name of project	Surplus / (shortfall) brought forward	Amount received per bank statements	Funds spent per bank statement	Surplus / (shortfall)
	-	-	26 396.04	(26 396.04)
OFS/ Admin funding	-	-	24 371.40	(24 371.40)
Bank charges admin	-	-	2 024.64	(2 024.64)
Joburpedia	-	5 000.00	461.78	4 538.22
Wiki loves monuments	-	174 535.50	60 574.00	113 961.50
Other donations	-	2 200.00	-	2 200.00
Total	-	181 735.50	87 431.82	94 303.68

2014

Name of project	Surplus / (shortfall) brought forward	Amount received per bank statements	Funds spent per bank statement	Surplus / (shortfall)
	(26 396.04)	307 236.49	321 565.23	(40 724.78)
OFS/ Admin funding	(24 371.40)	307 236.49	307 152.18	(24 287.09)
Petty cash Admin	-	-	10 737.17	(10 737.17)
Bank charges admin	(2 024.64)	-	3 675.88	(5 700.52)
Mandela	-	525.49	-	-
Joburpedia	4 538.22	125 678.00	32 825.61	97 390.61
Wiki indaba	-	591 425.00	513 504.04	77 920.96
Wiki loves monuments	113 961.50	210 398.04	142 607.32	181 752.22
Other donations	2 200.00	9 929.71	-	12 129.71
Total	94 303.68	1 245 192.73	1 010 502.20	328 468.72

2015

Name of project	Surplus / (shortfall) brought forward	Amount received per bank statements	Funds spent per bank statement	Surplus / (shortfall)
	(40 724.78)	172 780.00	470 497.00	(338 441.78)
OFS/ Admin funding	(24 287.09)	172 780.00	465 526.00	(317 033.09)
Petty cash Admin	(10 737.17)	-	-	(10 737.17)
Bank charges admin	(5 700.52)	-	4 971.00	(10 671.52)
Mandela	-	9 586.76	9 654.00	(67.24)
Joburpedia	97 390.61	36 409.71	39 985.00	93 815.32
Wiki indaba	77 920.96	15 977.68	24 640.00	69 258.64
Wiki loves monuments	181 752.22	127 931.98	90 905.00	218 779.20
Kiwix	-	-	23 816.00	(23 816.00)
Other donations	12 129.71	330.00	-	12 459.71
Total	328 468.72	363 016.13	659 497.00	31 987.85