

OTW F.	Hello everyone! Welcome to the OTW Finance public chat! If you have questions about the 2020 budget or general OTW finance questions, feel free to ask them here and we'll do our best to provide an answer! Here's a link to the budget post: https://archiveofourown.org/admin_posts/15532 .
p	Is the finance committee able to comment on what kinds of funds/investments they're considering for the reserve funds?
d	yes, this is a v good question - y'all are really transparent otherwise and i might hope that'd continue with the portfolio once it's built
OTW F.	We are still in the early stages of building a sound and ethical OTW investment policy, but the types of investments we are considering are those that typically belong to a low-risk portfolio. This would be a mix of Certificates of Deposits, Treasury bills, mutual funds, municipal bonds, etc.
j	So not specific company stocks ?
OTW F.	No, investing directly in specific stocks would generally be too high risk. As a nonprofit organization that is depending on very generous donors, we want to make sure that we aren't putting that generosity and trust at risk. But at the same time, due to that generosity, we have enough capital at the moment to be able to put it aside to earn additional interest income.
OTW F.	View paste For those who have entered the chat and can't see the transcript: Welcome to the OTW Finance public chat! If you have questions about the 2020 budget or general OTW finance questions, feel free to ask them here and we'll do our best to provide an answer! Here's a link to the budget post: https://archiveofourown.org/admin_posts/15532 .
r	How has the increased traffic this past month affected Finance?
OTW F.	Hi r! Answering your question now!
p	CDs and bonds are not terribly liquid if the organization needs cash in a hurry, and the interest gains are pretty much wiped out if they have to break into the piggy bank. Might as well stick it all in a money market account at that point for ease of access
	8:10 PM
OTW F.	There hasn't been a direct impact on the Finance Committee yet, as the increase in traffic has mainly affected the committees working directly working on AO3. However, we anticipate the need to purchase additional servers and expand the capacity of the Archive later in the year, as well as any additional tools those volunteers need to keep the archive running.

james_	Our costs are mostly fixed as long as we can handle the traffic
james_	We do have a cost associated with bandwidth and that will definitely have to increase.
	We will need to buy servers in the future but these were anticipated in our normal growth and were in the budget proposed in february. However we may end up buying the machines a little bit earlier.
	We may end up going to a 3rd rack sooner than I expected but I that is also in the budget.
d	were the ghost hits/kudos a good venue for mitigation of traffic spikes? is that something we'd be seeing more of in the future before decisions are made re more bandwidth or equipment?
OTW F.	p, you're correct about the liquidity of many investment instruments. We don't intend to place more in the investment portfolio than we project we can spare in the next few years. However, that's the perks of having a diversified portfolio that would allow us to be able to liquidate part of it as needed while keeping the rest to continue to hold interest.
OTW F.	We do intend to recruit for an investment specialist with professional experience in the field later in the year, who would help us find the ideal allocation in our portfolio.
james_	The kudos work had nothing to do with the increase in traffic it was to do with changing from 32 to 64 bit intergers for id's.
p	Thank you for the additional information! I hope you'll update the finance reports with your allocations and investment choices when you've figured that out
OTW F.	(james_ is our sysadmin so he's the expert on the tech related aspects)
d	ah ok - that helps explain it, thank you j. lots of strange information on tumblr and it's hard to make sense of things. someone had mentioned it had a huge affect on server storage and therefore traffic
b	Where does excess fundraising money/"net profit" go at the end of a fiscal year - physically? And where does it go in terms of of future planning?
OTW F.	We will definitely continue to be transparent about our financial decisions and update everyone with additional information on any investment portfolio we may have in the future!
d	but if a third rack is in the cards anyhow it was probably not a necessary question! sorry for it!
OTW F.	Hi b! Answering now!

b	Thank you :D
OTW F.	Current, all excess funds stay in our bank account and we disperse the money as needed to pay for expenses.
v	Hey, everyone! I have a question the investment plan as well. At this point, do we have a rough estimate for the ROI we should realistically expect in, say, 10 years? Granted, the current situation with the human malware is a bit messy! ^^;
OTW F.	In terms of future planning, the budget and the updated budget lay out our general plans for spending during the year. However, in the past couple of years, our donors have been incredibly generous and have left us with an unexpected excess in funds. It seems like that enthusiasm is here to stay, so in addition to a possible investment portfolio, we are beginning to explore ideas that would have been impossible in the past, such as further expanding the archive and hiring more contractors. I do want to emphasize that these future projects require a lot of volunteer labor, which is the one thing we're always in short supply of!
	Hey v!
	(For everyone who has just entered the chat: Welcome to the OTW Finance public chat! If you have questions about the 2020 budget or general OTW finance questions, feel free to ask them here and we'll do our best to provide an answer! Here's a link to the budget post: https://archiveofourown.org/admin_posts/15532 .)
	Realistically, we just want to keep up with the current inflation rate. For an organization of our size and the amount we'd plan to invest in (under \$100k at the moment), I wouldn't expect an ROI of more than 5% over the next 5 years
	8:25 PM
OTW F.	And you're correct, the current human malware situation (a great phrase - I'm stealing that for future use!) has disrupted everything. At this point, I don't think it's likely that the economy will bounce back this year, so our investment plans may end up being postponed for another year or two. We won't always have such generosity from our donors, so we want to make sure we have enough funds in the bank to keep the org operational during the scarce times.
v	Okay, thank you! That sounds reasonable considering it's going to be a conservative portfolio.
	8:30 PM
a	I've got a basic "how do finances???" question. The budget post on AO3 news says that you're prepping for an audit. Who performs an audit, and what happens during one?
OTW F.	Hi a! Thanks for asking! Let me type up the answer now!

OTW F.	When an organization undergoes an audit, it needs to engage a licensed CPA firm. It sends out a request for proposal (RFP) to a few firms, who will respond with an offer, and the organization picks the firm with the best fitting offer. After the audit firm is chosen, the auditors will then ask for accounting records and documentation for those accounting records such as bank statements and invoices. They'll look through the data using statistical tools to find any large differences and ask questions about them. On our end, preparation for an audit means looking through the fiscal year's accounting records and making year end adjustments so that all the balances are correct. Examples include accruing a receivable for someone who makes a donation on December 29 but the money is deposited into the bank on January 1. We prepare the backups and schedules to send to the auditors that explain our financial activity for the year. We make ourselves available to them to answer any questions they might have about anything we provide them.
Y	Since it's quiet - what do you ship? :D I saw on the detailed budget spreadsheet that there was Postage & Shipping both under fundraising premiums and under general administration. The first was obvious (kudos stress balls etc) but the second less so...?
OTW F.	Once the auditors complete their work, they issue a report using standard language codified by the Generally Accepted Auditing Standards (GAAS - i know!) with their opinion of the financials provided by the organization. An unmodified opinion means everything looks good on their end!
	For past audit reports, you can find them at https://www.transformativeworks.org/reports_docs/
	y, I ship many things but currently Geralt/Jaskier from the Witcher :D
L	Has OTW considered a separate capital campaign?
Y	I mean, valid!
d	several coins tossed, but are they accounted for
	lol
a	Thanks for that detailed answer!
OTW F.	Hi L! That's a question that may be more suited to our Development and Membership committee, but from the Finance Committee's perspective, a separate capital campaign is generally too narrow to suit our needs. While the majority of our expenses come from the Archive, sometimes a project like Open Doors will occupy a tiny portion of a shared server. A separate capital campaign means that the funds will only be used for a particular project or program, so we'd be unable to keep funds fungible. If things develop differently in the next few years, that may change, but for the moment, our semi-annual drives are doing the job.

	(Y, another finance committee member will answer the postage & shipping question in a bit!)
b	What is finance spending its money on in terms of legal advocacy? It doesn't seem like 5K can buy a lot of hours of a billable hours if it's for a lawyer but on the other hand, that is a lot of fliers at Kinkos if advocacy is outreach etc.
OTW F.	b, the \$5k budgeted for Legal advocacy is for any filing fees we incur during the year as well as reimbursement for travel expenses in case members of the legal committee need to travel somewhere to testify. As for their actual billable hours, they donate all of that to the OTW. Accounting standards require us to post the monetary value of their donated volunteer hours to our financials, and for 2018, the legal committee's in-kind volunteer hour donation was \$476k (here's a link to the 2018 audited financials: https://www.transformativeworks.org/wp-content/...)
	8:50 PM
Y	(Still not over how incredible that is by the way)
w	^
	8:55 PM
v	What's it like working in OTW Finance? My mother has a degree in economics and used to try to make sense of the spreadsheets for a local company and it was very stressful for her.
Sveritas	Hi y, I'm the aforementioned "another committee member". Postage & Shipping under fundraising is mainly related to premiums. The Postage & Shipping under Admin is for our physical mailing address and mail as we're a virtual org and having a physical location to use that isn't dependent on a single volunteer is very helpful.
A2	(premiums = donation gifts)
Sveritas	thank you, A2. ♥
Y	Oh like more than a POBox? Thanks for answering!
Dee	hey V, another member of Finance here o/ it can be stressful at times but the people make it worth it <3 We have a great fun team who support each other, and occasionally we like to bring in the world of finance into our fandoms. My favourite recent discussion was whether Voltron would be recorded as 1 asset on the balance sheet, or 5 seaprte assets
	9:00 PM

OTW F.	(Y, we used to have a PO Box but it was insufficient for our needs as it would often delay sending mail to us, or other services wouldn't accept a PO Box as an address. The address we currently have now isn't a PO Box so we don't have any issues, and the service that provides it to us also forwards our mail on a timely basis now!)
Cesy	Also how to get insurance against damage caused by superheroes
Y	Oh cool, sounds like a very good thing then!
Dee	don't even get me started on My Hero Academia's hero agency accounting....
OTW F.	V, I personally really enjoy being part of the OTW Finance Committee. It allows me to make use of my professional skills and degree while also being surrounded by like-minded people who enjoy fandom. I'm still not sure how Heroes in the BNHA universe account for their expenses...
v	sounds like a positive experience :)
OTW F.	Yup, we really enjoy it!
Y	Maybe there is some underappreciated superhero with a paperwork-filing related superpower in My Hero Academia...
Dee	haha yes, maybe some accounting-related quirk
OTW F.	Are there any other questions from anyone else? We're happy to answer but our time is coming to a close soon, so 1-2 more questions!
G	What's one thing you wished everyone knew about the finance committee? Have you come across any misconceptions about what you do?
OTW F.	Alright, thank you to everyone here who asked questions and participated in the chat, as well as anyone who was reading! If you have any additional finance questions about the OTW, feel free to contact us at finance@transformativeworks.org ! o/
	ooh a final question xD
d	Sorry to round this back to the start but can we anticipate being kept up to date on the portfolio build? I know things be cray right now but generally there just seems to be some antsy feelings in general due to that.
	oh pfft late on the draw - sorry
OTW F.	G & d - I'm answering your questions now!

OTW F.	View paste G- One thing I'd like everyone to know about the finance committee is that we're all volunteers who are part of fandom and enjoy fannish things as well as spreadsheets :D
	D - of course! We will definitely make sure to keep everyone updated on the progress for the investment portfolio. In the current world situation, it is very unlikely we will be making any large moves, however. Our goal has always been to safeguard the funds generously given to us by our donors, and the investment portfolio is simply a way to diversify the OTW's revenue stream so that we aren't solely depending on one source of income.
d	:3 thank you! i appreciate that.
	9:15 PM
OTW F.	Alright, thank you everyone! We'll see you next time!