

Software in the Public Interest, Inc.  
2004 Annual Report

Prepared as of July 1, 2004 on August 13, 2004

To the membership, Board, and friends of Software in the Public Interest, Inc.:

As mandated by Article 8 of the SPI Bylaws, I respectfully submit this annual report on the activities of Software in the Public Interest, Inc., and extend my thanks to all those that contributed to the mission of SPI in the past year.

– *John Goerzen, SPI President*

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# Chapter 1

## Introduction

At the July 1, 2004 Software in the Public Interest, Inc. (SPI) annual meeting, the President informed the Board that an annual report was not yet complete. The President was asked to collect submissions and finish the annual report. Then-President Ean Schuessler's term expired before the report could be completed. Incoming President John Goerzen completed the report and presented it.

SPI's 2003 annual meeting was held July 8, 2003. The 2004 meeting was held July 1, 2004.

*Submitted by John Goerzen, Report Editor*

### 1.1 President's Letter

Fellow Hackers and Friends,

SPI's seven short years have been a wild ride. We've seen Free Software grow from a philosophy into a movement that is becoming a way of life. We've truly come of age. Every IT organization in the world has a Free Software strategy or is under working to adopt one. Linux provided Microsoft the adversary no one thought possible. Fortunes were won and lost. Powerful new friends appeared. Legal pitfalls, bad legislation and surprising traitors have all so far failed to stop the phenomena we all love. SPI survived these stormy seas and is still working to bring commercial quality support services to Free Software projects everywhere.

We have had our own internal challenges as well. The runaway growth of the movement has tested the will and even the physical ability of our all volunteer staff to the limit and beyond. We've made mistakes and even had a few disasters. None of these problems have proven fatal thanks to the dedication of our membership, officers, supporters and pro-bono volunteers. The journey has been a learning process.

We've had some real successes along the way as well. Debian, the shining star of SPI projects, has continued its rocket powered growth. In 2004, Netcraft Ltd. announced that Debian is the fastest growing web server operating system in the world. The Brazilian government announced comprehensive plans to implement Debian nationally. New maintainers and the number of available packages continues to grow on a daily basis.

This is truly exciting and challenging time to be involved with SPI. The potential of Free Software is no longer a dream. It is a reality. Every day more and more people depend on Free Software to communicate with their friends and family, to run their businesses and to satisfy their creative urge. With that success comes a great new responsibility. Every new Free Software project must show professional competency and commitment or face failure. Today, more than ever, there is a need for SPI and the services it provides.

I'm truly proud to have played a part and thank each of you for the opportunity. Let's make the next seven years just as unbelievably amazing.

Happy Hacking,

*Submitted by Ean Schuessler, SPI President*

# Chapter 2

## Committee Reports

SPI has the following chartered committees:

- Project Committee, chartered by 1999-09-21.iwj
- Open Source Committee, chartered by 2001-04-26.nl
- Membership Committee, chartered by 2001-08-06.nl. This is a permanent committee per Article 10 of the SPI Bylaws.
- Trademark Committee, chartered by 2003-06-03.bmh.1
- Bylaws Committee, chartered by 2003-01-06.wta.2 , extended by 2003-06-27.jpg.1 and made a standing committee by 2004-01-05.dbg.1

Additionally, SPI has one unchartered permanent committee mandated by Article 10 of the SPI Bylaws: the administration committee.

*Committee summary submitted by John Goerzen*

The following reports were submitted by or about SPI committees:

### 2.1 Bylaws Committee

The Bylaws committee was established with resolution 2003-01-06.wta.2 with a time-limited charter. The committee's purpose is to review SPI's bylaws and advance specific suggestions for improvement. The charter was extended in 2003, and on January 5, 2004, the Board adopted resolution 2004-01-05.dbg.1, which removed the expiration provision.

The committee issued its first bylaws amendment recommendations on July 1, 2003 according to its original charter. A vote was not held immediately because the membership committee was in the process of ensuring the integrity of SPI's membership roster. In January, 2004, the Board adopted resolution 2004-01-06.wta.4, calling for a vote among the membership once the membership committee's work was complete. That vote began on March 2, 2004.

While the vote was in progress, the Board received advice both from SPI's legal council and others that certain provisions in the new proposal may need adjustment for full legal compliance. On March 2, 2004, the Board suspended the vote until these issues could be fully considered. As of July 1, that analysis has not yet been completed.

The members of the Bylaws Committee are: John Goerzen (chair), JP "Taral" Sugarbroad (secretary), Manoj Srivastava, David Graham, and Jimmy Kaplowitz.

*Submitted by John Goerzen, Chair of the Bylaws Committee*

## 2.2 Membership Committee

The Membership Committee is one of the two permanent committees recognized by Article 10 of the SPI Bylaws. The Membership Committee was originally chartered by 2001-08-06.nl.

SPI presently has 551 members, 290 (53%) of which are contributing members. Since July 1, 2003, SPI has had a net gain of 148 total members, 70 (47%) of which are contributing members.

During the year, concern arose that SPI membership rolls contained inactive members. Large numbers of inactive members could artificially raise quorum requirements for membership votes, potentially making it difficult to conduct an actual vote. The Membership Committee sought to validate active members. However, very few members were determined to actually be inactive, and there was almost no impact on SPI membership rolls.

The members of the Membership Committee are: Martin Michlmayr (chair), Craig Small, and Peter Palfrader.

*Submitted by John Goerzen based on information gathered by Peter Palfrader*

# Chapter 3

## Board Report

### 3.1 Board Members

Board members as of July 8, 2003:

- Ean Schuessler (President)
- John Goerzen (Vice-President)
- Wichert Akkerman (Secretary)
- Branden Robinson (Treasurer)
- Ian Jackson
- Martin “Joey” Schulze
- M. Drew Streib
- Manoj Srivastava
- Bruce Perens
- Benjamin Mako Hill

Board members as of July 1, 2004:

- Ean Schuessler (President) (term expires July 1)
- John Goerzen (Vice-President)
- Wichert Akkerman (Secretary) (term expires July 1)
- Jimmy Kaplowitz (Treasurer)
- Branden Robinson
- Ian Jackson
- Martin “Joey” Schulze
- Bruce Perens
- Benjamin Mako Hill
- David Graham

## 3.2 Board Changes

Changes that occurred during the year:

- Manoj Srivastava resigned (source: 2003-10-14.iwj.6).
- David Graham was elected to the board on November 29, 2003 in an election initiated by 2003-10-14.iwj.6.
- Jimmy Kaplowitz was appointed as new treasurer on February 20, 2004, having run unopposed in an election for that position.
- M. Drew Streib was removed by the Board on July 1, 2004 (resolution 2004-07-01.dbg.2) due to the board meeting attendance policy.

## 3.3 Elections

One membership election for board seats was conducted in the past year. It began in October 2003 as a result of 2003-10-14.iwj.6. Three seats were up for selection and four candidates ran for office. Two of them, Martin “Joey” Schulze and Ian Jackson were seeking re-election. The other two, David Graham and Jimmy Kaplowitz, were seeking new terms on the Board. 52 people voted in this election, selecting Martin “Joey” Schulze, Ian Jackson, and David Graham for the three available seats.

In January 2004, the Board passed 2004-01-06.jrk.1.br.1, establishing an election for the Treasurer position. However, only one candidate volunteered for the position. Therefore, that candidate, Jimmy Kaplowitz, was selected as treasurer without the need to run a full election.

*This report submitted by John Goerzen, Chair of the Board*



# Chapter 4

## Treasury Report

### 4.1 Accounting Issues

Volunteer accounting services have been a serious problem for SPI virtually since its inception. In 2004, SPI initiated a comprehensive audit of its past financial records. Brainfood, Inc., a Texas corporation, provided *pro-bono* clerical assistance in processing the backlog of mail that had overwhelmed the volunteer SPI Treasurers.

*Submitted by Ean Schuessler*

#### 4.1.1 Audit Results Summary

The audit revealed more than \$18,000 of uncashed donation checks. Other investigations by the SPI Treasurer revealed SPI was the victim of some fraud due to publishing the SPI bank account number for online donations.

*Submitted by Ean Schuessler*

#### 4.1.2 Corrective Actions

The Board and membership engaged in extensive discussions about the causes of and best methods to address the problems encountered. The Board authorized apology letters to be sent to all contributors that could be reached, along with their original checks. Ean reported to the Board on May 18 that the letters would go out that week. Checks that had not yet expired were to be deposited as soon as possible.

On May 4, the Board affirmed, via resolution 2004-05-03.bp.2, the ability of the President and Treasurer to work together to take the necessary steps to solve the problem. At the same meeting, the Board approved resolution 2004-05-04.dbg.2, giving the Treasurer a limited budget and discretion to take necessary steps to solve problems without further Board approval, with an expiration in six months.

*Submitted by John Goerzen*

#### 4.1.3 Preventing Re-Occurrence

The Board, Treasurer, officers, and membership continue to work on ways to make our organization resilient in the face of such problems in the future. Greater transparency has been asked of our treasurer, and various proposals for professional or voluntary assistance are under consideration. Some have expressed the desire to wait with major structural changes until we have passed the immediate problem and can more clearly analyze the specific failures.

The Board authorized the new treasurer to obtain a Post Office box dedicated solely to SPI matters to provide a stable correspondence address. The Board also authorized expedited posting of draft meeting minutes to help keep the membership better informed of SPI news.

SPI welcomes improvement suggestions and volunteer contributions.

*Submitted by John Goerzen*

## 4.2 Account Balances

SPI maintains these three accounts:

Description	Balance	Last Report Date
American Express Bank, FSB Checking, Debian account	\$568.64	June 30, 2004
American Express Bank, FSB Checking, SPI account	\$238.27	June 30, 2004
American Express Financial Advisors AXP Cash Mgmt. Fund	\$39,504.43	July 13, 2004

*Submitted by John Goerzen based on earlier reports from Branden Robinson*

## 4.3 Project Allocations

SPI presently holds funds exceeding \$1 for only two groups: Debian and itself, though through the year it has also handled deposits and withdrawals for wxWidgets. The accounting issues documented elsewhere in this report mean that exact figures are not presently available. However, the SPI Treasurer plans to begin a comprehensive audit shortly to ensure exact figures are available.

### 4.3.1 Checking Accounts

SPI holds two checking accounts: one for Debian funds and one for SPI funds. It is thought that these amounts are roughly accurate, though the Treasurer stressed they should be audited to confirm this.

### 4.3.2 Cash Management Fund

Prior to January 2002, records for specific allocations in the AXP Cash Management Fund were not kept. In April 2003, the Board passed 2003-04-01.wta.1, which allocated 95% of the funds in that account as of January 1, 2002 to Debian and 5% to SPI. Actual numbers are to be used after that date.

While records are believed to exist for the transactions that have occurred since 2002, running balances have not been kept up to date, so audits are needed to determine exact amounts. Present best guesses indicate that 95% or slightly less of that fund still is earmarked for Debian.

### 4.3.3 Totals

Assuming a 95%/5% split for the AXP Cash Management Fund, SPI has approximately \$2,200 and Debian approximately \$38,000. Again, the Treasurer has stressed that these numbers are un-audited and represent guesses only.

*This report submitted by John Goerzen based on available records and interviews with current Treasurer Jimmy Kaplowitz and former Treasurer Branden Robinson*

## 4.4 Accepting Donations

On September 9, 2003, the board passed 2003-09-09.wta.1 authorizing the use of Network For Good to accept credit card donations online. On November 4, 2003, SPI announced that online credit card donations

were now available. SPI's donations page contains information about online and offline methods of making donations.

*Submitted by John Goerzen*

## 4.5 SPI-Related Hardware Assets Report

SPI maintains the following four machines:

Machine	Hardware Donor	Hosting/Bandwidth Donor
purcel	VA Linux Systems	Brainfood, Inc.
frida	Oregon State Univ. Open Source Lab	Oregon State Univ. Open Source Lab
styx	Oregon State Univ. Open Source Lab	Oregon State Univ. Open Source Lab
chic	bash.sh, ltd.	bash.sh, ltd.

*Submitted by John Goerzen based on SPI's credits page*

## 4.6 Debian-Related Hardware Assets Report

### 4.6.1 Hardware Donations Overview

The Debian project uses a large amount of dedicated hardware. The vast majority of this hardware is not owned by Software in the Public Interest but is rather loaned to the project by developers or corporations interested in helping the project or given to individual developers for use on Debian.

Because donations of hardware can be deducted from income on tax purposes, a number of individuals and corporations have expressed an interest in donating hardware – especially older hardware – to the Debian project through Software in the Public Interest.

As a result, SPI holds a small amount of hardware as assets.

To track hardware donations, Bdale Garbee in his tenure as Debian Project Leader appointed Benjamin Mako Hill as a hardware donations delegate in 2002 to track hardware donations for the Debian project. He was later joined by Rob Bradford in the position. Both continue to field requests related to hardware donations emailed to <hardware-donations@debian.org>.

In spite of several requests to debian-admin, the group has been unable to get a good picture of the ownership status of older Debian machines.

### 4.6.2 Hardware Donation Process

The normal process for hardware donations to Debian follows the following procedure:

- Hardware is offered to hardware-donations@debian.org;
- A delegate will determine whether or not the hardware is usable for Debian;
- If someone in the project is waiting for the type of hardware being offered, the donor and the potential recipient will be connected to coordinate shipping;
- Otherwise, the hardware will be offered on a public list and responses from developers will be solicited. The delegate will help select good potential recipients from the replies;
- Once a recipient has been found for a given piece of hardware, the hardware will be shipped or delivered, almost always at the expense of the donor, to the recipient;
- If the donor wants or needs a receipt, they will be provided one signed by the SPI treasurer and a Debian hardware donations delegate;

Only in the last case will Software in the Public Interest be involved in the process. In these cases, the donor will be asked to approximate the value of the hardware. It is up the donor to value this correctly since they will be deducting this amount from their taxes.

After this, the value of the hardware is be devalued by 1/3 of its value on its anniversary each year for 3 years, at which point it will be considered to have no value.

### 4.6.3 Recent Hardware Donations

SPI has only been asked to provide for the following two donations in the last year:

Date	Name	Description	Value
2003-03-03	John Gabriel	Sun Blade	\$800
2003-08-02	Daniel Silverstone	MIPS Board	\$1000

*This report submitted by Benjamin Mako Hill*

## Chapter 5

# Member Project Reports

During the past year, wxWidgets (formerly wxWindows) was invited to become a SPI member project. The invitation was accepted.

The following report was received from an SPI member project:

### 5.1 Debian Project

The Debian Project is an association of individuals who have made common cause to create a free operating system. This operating system that we have created is called Debian GNU/Linux, or simply Debian for short. Debian is by far the most significant SPI project and represents the majority of SPI's membership and financial transactions.

*Submitted by Ean Schuessler*

# Appendix A

## About SPI

SPI is a non-profit organization which was founded to help organizations develop and distribute open hardware and software. We encourage programmers to use the GNU General Public License or other licenses that allow free redistribution and use of software, and hardware developers to distribute documentation that will allow device drivers to be written for their product.

SPI was incorporated as a non-profit organization on June 16, 1997 in the state of New York. Since then, it has become an umbrella organization for projects from the community.

In 1999, the Internal Revenue Service (IRS) of the United States government determined that under section 501 (a) of the Internal Revenue Code SPI qualifies for 501 (c) (3) (non-profit organization) status under section 509 (a) (1) and 170 (b) (1) (A) (vi). This means that donations made to SPI and its supported projects should be tax deductible for the American donor.

*Submitted by Ean Schuessler*