



Polonia

Polish Association of QLD, Inc.

10 Marie Street, Milton QLD 4064

Ph: (07) 3369 2747

ABN: 75117710857

UPDATE REGARDING THE FINANCIAL STATUS OF “POLONIA”

Dear members and friends of “Polonia”

We, the newly elected Management Committee of “Polonia” Polish Association of Queensland (“Polonia”), nominated for office because we believe in the power of a united Polish Community which is proud of its heritage and displays this loyalty by living their Polish culture and enjoying the company of like-minded individuals in the comfort of our beautiful club house. This expectation, we felt, was not being fulfilled. “Polonia” is where our family members and friends come to experience camaraderie with people of our common Polish heritage. It is a meeting place for members of the community to engage and indulge in traditional Polish culture and cuisine. Over 1200 people attended its opening in 1968, when the cornerstone was laid and “Polonia” was officially opened. Since then and until recently, it has loyally and inclusively served the entire Polish community of Brisbane.

Now that the hard-won election is over, it is time to work diligently together to re-establish our wonderful club to the socially and culturally vibrant Polish House it once was.

Since our election, we have been very busy trying to establish the financial position of the association and whether it can continue to function. Our task has been made all the more difficult by the many missing and incomplete financial records following the unsatisfactory handover from the previous committee, under the leadership of outgoing President Alice Langford. Unfortunately, the past few weeks have revealed that “Polonia” is in a dire financial position. You will no doubt be horrified to learn just how critical the situation is, as the following figures will reveal. The future of “Polonia” is at stake and we need a widespread community effort to save the club from insolvency!

These are the financial facts as at 31/3/2021, as we have been able to establish to the best of our ability given that some records are still missing.

1. Over the last two years, “Polonia” has been running at an operating loss.

2019/20	2020/21 (year to date)
\$188,271 (loss)	\$125,000 (loss) and growing

One of the key reasons for the deficit position over the last two years is the **\$122,000** that was **spent on legal fees** by the previous committee (\$88,000 in 2019/20 and \$34,000 in 2020/21). That is the amount we have been able to identify so far. None of the legal advice is held on file at “Polonia”, so it can only be assumed that it is in the possession of the previous committee.

Based on some of the invoices issued to “Polonia”, it appears that the \$122,000 spent on legal fees was for advice on:

- Changing the “Polonia” Constitution;
- Changing “Polonia” to a company (not answerable to the membership and directors can be paid fees);





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- Changing “Polonia” to a charitable trust (not answerable to the membership and trustees can be paid fees); and
- Seeking possible legal action against various members of “Polonia” in connection with the attempted AGM in 2019 and subsequent attempts to hold the committee accountable for its actions.

No subsequent legal action was taken by the previous committee based on these advices. At no point did the previous committee consult with the membership about incurring such significant legal fees. In fact, the previous committee ignored a Special General Meeting request made in January 2020 which, among other issues, raised concerns about spending on legal fees without proper disclosure to members.

Additional to the current operating loss for 2020/21 are other outstanding accounts and loans still to be repaid, as detailed below.

2. Outstanding bills and liabilities include but are not limited to:

- ATO overdue payments **\$30,000**
- Overdue rates **\$21,000**
- A six month term, high interest **loan of \$150,000**, established by the previous committee through a private finance company, which is due to be repaid in full on 5 September 2021. In other words, **due in just four months**. This loan is extremely concerning as it includes a clause which states that **if the full loan amount is not repaid by the due date, then the Milton property must be immediately listed for auction and sold within 8 weeks.**

3. Over the last three years, the “Polonia” bank accounts (cash reserves) have also been depleted.

2017/18	2018/19	2019/20	2020/21 (as at 31/3/21)
\$191,000	\$167,000	\$ 38,000	\$52,000 *

*Please note that the 2020/21 balance is the remainder of the money borrowed through the short term loan mentioned above.

4. “Polonia” is losing money weekly through the restaurant and bar operation due to poor turnover.

This is partly due to COVID-19 but also due to the previous committee’s slow response to reopening “Polonia” to the public once lockdown had ended and failure to organise any events for members and the wider community (other than the occasional Market Day, on which “Polonia” makes a negligible income).

On our calculations, a turnover of \$7,200 per week is needed to break even. At present, “Polonia” makes approximately \$4,100 turnover a week. Turnover through the





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restaurant, bar and events must immediately increase on an ongoing basis if "Polonia" is to be viable into the future.

5. **There have been a number of mistakes in accurately calculating GST and superannuation payable to staff over the last few years. As a result, the ATO is still owed approx. \$30,000.**

In early May 2021, the new committee will prepare financial statements and a more detailed cash flow analysis and provide a further report to members. We want to keep you informed, as the progress of the "Polonia" financial position over the next few months is mission critical.

The shocking truth is that we desperately need to find the means to save "Polonia".

In short...

"Polonia" needs urgent help from members and the wider community in the form of donations, increased use of the restaurant and bar, and increased use of the club as an event and party venue. It also needs an additional \$200,000 urgently to pay off the \$150,000 loan and supplement its cash reserves for outstanding bills and ongoing operating costs.

It was our seniors and ancestors who worked as a community to build this legacy and regardless whether we are recent or not so recent immigrants from Poland, or whether we are the children and grandchildren of the original immigrant founders, together we must ensure that the legacy of those who built "Polonia" continues to live for the next generation. Surely we too can achieve at least what our ancestors did - a financially viable club.

It is that time of year when members are due to renew their annual commitment to the association, but given what we know, membership subscriptions will only cover a small fraction of the debts incurred to date. Please note that membership fees can only be increased by agreement of members at a general meeting – it is not something the committee can alter ourselves in order to increase revenue through higher membership fees.

We seek your contribution to help bring "Polonia" to a financially stable position. Over time, this would be possible by conducting various activities such as dances, fairs, concerts, however, **we do not have time!** By early August this year, we must find \$200,000 to avoid "Polonia" being taken over by the finance company and sold.

The committee has been searching for ways of financing a realistic loan from a bank, but this is becoming increasingly more unlikely due to cash flow issues. Therefore, **"Polonia" needs your donations!** All levels of donations are welcome, however, it would be wonderful if you could commit to a more substantial amount given the gravity of the situation. Imagine: we would only need 200 individuals or families each willing to donate \$1,000 or more and we could reach \$200,000, which would pay most of the outstanding debts we have inherited from the previous committee.



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We are planning to formally acknowledge all donors in due course, unless you indicate that you wish to remain anonymous. We welcome suggestions for how you would like to be acknowledged. At this stage, the committee is considering creating a commemorative plaque (and online equivalent on the Polonia website) listing all donors.

HOW TO DONATE:

We kindly request donations be made by bank deposit or online funds transfer to the following account:

Bank: Westpac Bank
Account name: "Polonia" Polish Association of Queensland Inc.
BSB: 034072
Account Number: 321095

Please write your initial(s) and surname in the Reference Line/Description field so we can identify the incoming payment.

Please forward a confirmation of payment by email to: treasurer@polonia.org.au so that your donation can be formally recorded and a receipt issued upon request.

NOTE re: TAX DEDUCTABILITY of DONATIONS:

At this time "Polonia" is not a registered charity and does not have Deductible Gift Recipient (DGR) status – therefore, donations are **not** tax deductible. This is something that we propose to address in future. An application for charitable status will require an amendment to the Constitution of "Polonia", which can only be done at a general meeting of members and must be done via a special resolution requiring a 75% majority (or more) vote. Therefore, it is not something that can be done at short notice.

Thank you for taking the time to review this update. We hope you will be able to assist with our urgent fundraising appeal. If you have any questions or comments regarding this communication, please contact president@polonia.org.au.

Best regards,

Management Committee
"Polonia" Polish Association of Queensland Inc.

2nd May 2021