

# **NPOs MANAGEMENT**

## **FINANCING IN NPO – INTERNAL SOURCES**

# **Internal financing Sources**

## **SERVICE CHARGES**

### **Main Topics**

#### **1. Stages of Financing (reminder)**

#### **2. Sources of Internal Financing**

- **1. Day related service charges**
- **2. Hourly related service charges**
- **3. Case-related benefits**
- **4. Individual performance-relaxed charges**
- **5. Activity Impact-oriented charges**
- **6. Process oriented charges**
- **7. Other sources**

# 4 Stages of Financing & INVESTMENT

<b>STAGE I</b>	RECEIVING MONEY CAPITAL - FINANCING FROM = <b>EXTERNAL SOURCES</b>	<b>EXTERNAL</b>  <b>INCOME</b>
<b>STAGE II</b>	PAYING MONEY CAPITAL -OUT = INVESTMENT	<b>EXPENDITURE</b>
<b>STAGE III</b>	GETTING CAPITAL - FINANCING FROM = <b>INTERNAL SOURCES</b>	<b>INTERNAL</b>  <b>INCOME</b>
<b>STAGE IV</b>	PAYING MONEY CAPITAL OUTFLOW = <b>SURPLUS (Invest) or LOSS (Finance)</b>	<b>EXPENDITURE</b> <b>(Re-invest - Surplus)</b> <b>(Finance- Losses)</b>

# **1. Day related service charges – (Tagesbezogene Leistungsentgelte)**

## **Day related service charges**

- Are fees paid by financing provider to NPO on a rate per day or per client basis.
- Rate is differentiated by
  - type of service and NPO need for assistance

## **Example of Day related service charges:**

- Children's and youth hostel & day care facilities
- Elderly care homes & disabled dormitory
- Women houses & homeless shelters

## **2. Hourly service charges – (Stundenbezogene Leistungsentgelte)**

### **Hourly service charges**

- Are fees paid to NPO for services provided in hourly sessions.
- used for social pedagogical counseling centers
- **Example of Day related service charges**
  - for social pedagogical family aid
  - to claim for early retirement
  - for supplementary aid for education

# **3. Case-related benefits (Fallbezogene Leistungsentgelte)**

## **Case-related benefits/ service charges**

- Are fees paid to NPO for social services on a case by case basis.
  - to cover expenses on average irrespective of the actual amount of service.

## **Example of Day related service charges**

- for debt advice (Schuldnerberatung)
- for the insolvency advice (Insolvenzberatung),

## **4. Individual performance-related charges (Einzelbezogene Leistungsentgelte)**

### **Individual performance-related charges**

- Are fees paid by financing provider to NPO
- to finance specific individual type services
- calculated by means of time costs,
- **Example of Individual performance related**
  - Outpatient care

## **5. Activity Impact-oriented charges – (Wirkungsorientierte Entgelte)**

### **Activity Impact-oriented charges**

- Are financing assistance given based on
- project contracts, and results of evaluation.

### **Example of Activity Impact-oriented charges**

- Qualification courses for Unemployed/Disabled

## **6. Process oriented charges – (Prozessorientierte Entgelte)**

### **Process (continuous services) oriented charges**

- Are financing assistance given where
  - the effects of services cannot be measured
  - Process-related "pricing" using process cost accounting is needed (difficult)
  - Result is known after many services are given (Process)

### **3. Other financing Options – (Sonstige Finanzierungsmöglichkeiten)**

other NPO financing sources include

1. Events
2. Lotteries
3. Membership fee

# Reading Exercise

## Reading Exercise

- Look for Information at the Internet and identify your NPO's internal sources of financing



Q&A