

BUDGETING & FUND RAISING in NPOs

Main Topics

- What is a FINANCIAL PLAN in NPO &
- What is a BUDGET in NPO
 - Information Requirements to prepare a Budget?
 - **ACTUAL of Last Year (Balances)**
 - Income, Expenses,
 - Investments (Assets) & Finances (own capital or Debts)
 - **ESTIMATE of Next Years – (INCREASE or DECREASE)**
 - Income, Expenses,
 - Investments (Assets) & Finances (own capital or Debts)
- What is FUNDRAISING?
 - 7 Approaches for fundraising?
 - Other Approaches of Fund Raising

Non-Profit Organization (NPO)

Budgeting & Fund Raising

What is a Financial Plan & a Budget?

- Financial Plan is estimated
 1. Activities,
 2. Time - Activities take
 3. Resources Activities need (Labour-Materials – Equipment) –
- Budget is estimated **Costs of Activities**

Information Requirements to prepare Budget

to prepare a Budget - 3 information needed

1. Last years (---, 2022)- Actual Balances –
 - Investments (Assets) & Finances (own capital or Debts)
 - Income & Expense- & difference (Surplus/Deficit)
2. Future years- estimated **CHANGES**
 - increase or decrease in **No.1**
 - Investments (Assets) & Finances (own capital or Debts)
 - Income, Expense & difference (Surplus/Deficit)

LAST YEAR (2022)- BALANCES – OF INVETMENTS & FINANCES

| Balances of Investment & Finances LAST YEAR (2022)- at 31.12.2022 (in 000 Euro) | | | |
|--|------------|----------------------------------|------------|
| Investments = | | = Financing | |
| Long-term & Short-term Property | | Own Capital& Borrowed | |
| A. Long-term - Anlagevermögen- | 960 | A. Own Capital - Eigenkapital- | 580 |
| B. Short-term- Umlaufvermögen- | <u>340</u> | B. Borrowed - Verbindlichkeiten- | <u>720</u> |
| Total Investment - Summe | 1,300 | Total Capital Financing - Summe | 1,300 |

2. LAST YEAR (2022) - INCOME & EXPENSE – & DIFFERENCE (SURPLUS OR DEFICIT)

2022 Yearly INCOME - EXPENSE and Deficit and Surplus Statement 31.12.2022 -(in 000 Euro)

| | | |
|---|-------------|--|
| Income - Erträge - Finanzierungen | 2022 | |
| 1. Income from participant fees - Erträge aus Teilnehmerbeiträgen - | 250 | |
| 2. Income from Public Grants - Öffentliche Zuschüsse - | 320 | |
| 3. Income from sales of Special Items - Erträge aus der Auflösung von Sonderposten | 30 | |
| Total Income - Summe Erträge | 600 | |
| Expenditures - Aufwendungen | | |
| 1. Personnel costs - Wages and salaries - Löhne und Gehälter | 435 | |
| 2. Food Items - Lebensmittel - | 50 | |
| 3. Expenses for Training Courses - Aufwendungen für Kurse - | 25 | |
| 4. Fuels - Energie, Wasser und Brennstoffe | 20 | |
| 5. Administration - Verwaltung | 28 | |
| 6. Maintenance - Instandhaltung | 34 | |
| 7. Taxes, Duties & Insurance - Steuern, Abgaben& Versicherung - | 8 | |
| 8. Depreciation - Abschreibung - | 42 | |
| Total Expenses - Summe Aufwendungen | 642 | |
| Operating Surplus (Deficit) - Betriebsergebnis | -42 | |
| Church Grants - Kirchliche Zuschüsse | 100 | |
| Yearly Surplus - Jahresüberschuss | +58 | |

3. ESTIMATE OF FUTURE 5 YEARS (2023 - 2026) - INCOME & EXPENSES

| Yearly Estimate of Deficit and Surplus Statement 31.12.2022 -(in 000 Euro) | | | | | |
|--|------------|------------|-------------|-------------|-------------|
| 1. ONCOME | 2023 | 2024 | 2025 | 2024 | 2026 |
| • Income from participant fees - (increase by 10 yearly) | 250 | 260 | 270 | 280 | 290 |
| • Income from Public Grants - (remains same for 2 years and then stops) | 320 | 320 | 0 | 0 | 0 |
| • Income from sales of Special Items - (Remains same) | 30 | 30 | 30 | 30 | 30 |
| Total Income | 600 | 610 | 300 | 310 | 320 |
| 2. EXPENDITURES | | | | | |
| • Personnel costs - Wages & salaries– (increase by 10 yearly) | 435 | 445 | 455 | 465 | 475 |
| • Lebensmittel | 50 | 50 | 50 | 50 | 50 |
| • Expenses for Training Courses - (Remains same) | 25 | 25 | 25 | 25 | 25 |
| • Fuels - (Remains same) | 20 | 20 | 20 | 20 | 20 |
| • Administration and Business needs - (same) | 28 | 28 | 28 | 28 | 28 |
| • Maintenance - (Remains same) | 34 | 34 | 34 | 34 | 34 |
| • Taxes, Duties & Insurance - (Remains the same) | 8 | 8 | 8 | 8 | 8 |
| • Depreciation (Remains same) | 42 | 42 | 42 | 42 | 42 |
| Total expenses | 642 | 652 | 662 | 672 | 682 |
| Operating Yearly (Deficit) | -42 | -42 | -362 | -362 | -362 |
| Church Grants - (Increase by 320 from 2022- 2025) | 100 | 420 | 420 | 420 | 420 |
| 3. YEARLY SURPLUS - JAHRESÜBERSCHUSS | +58 | +58 | +58 | +58 | +58 |

Fund Raising

What is fundraising?

- NPO do not sell to generate profits
- They raise Funds to get Resources
 - Material, financial, in kind
 - services (labor, rights and benefits)
 - Information.
- Fund provider receives no material benefit

Approaches of Fundraising?

Possible Approaches to Fundraising

- 1. Mailings
- 2. Inheritance fundraising
- 3. Fines
- 4. Endowments
- 5. Payroll Giving
- 6. Affinity Credit Cards
- 7. Merchandising
- 8. Other Approaches of Fund Raising

1. Mailings (Briefe)

In a Mailing approach of Fund Raising

- A Letter is sent to selected people
- Requests for donation for specific project or purpose.
- Mailing good for smaller donations

2. Inheritance fundraising – (Legatfundraising)

In Inheritance fundraising approach

- People agree to Donate to NPO after death
 - Expectation - "supreme discipline"
 - "death" and "dying" is unpleasant
- Legal form of Testament must be clarified
- Issue of debt and inheritance involved

3. Fines - Bußgelder

In Fines fundraising approach

- Judges Decide
- specific types of Fines in the matter are paid to an NPO

4. Foundations - Stiftungen

Foundations fundraising approach is when

- Money of Foundations are available for NPOs
- Foundation agrees on the purpose of fund

5. Payroll Giving

In Payroll Giving fundraising approach

- Employees pay part of their gross salary as donation
- Receive tax benefits from it.

6. Affinity Credit Cards

In Affinity Credit Cards approach

- Credit Cards are-** authorized by Bank and
- Issued in cooperation with NPO.
 - Certain percentage is donated to the NPO
 - Bank takes care of payment and Credit
 - NPO takes care of Customer (e.g. UNICEF)

7. Merchandising

In Merchandising fundraising approach

- NPO sells goods and services for profit
- Example sales of donated second hand
 - Clothes,
 - T-shirts
 - Shoes,
 - Bags,
 - Stickers etc.

Other Approaches of Fund Raising

1. Events
2. Collections - Sammlungen und Kollekte
3. Membership fees – Mitgliederbeiträge
4. Lotteries and raffles - Lotterien und Tombolas
5. Special occasion donations - Anlasssspenden
6. House and street collections - Haus- und Straßensammlungen
7. Telephone marketing
8. Donation to cover Expenses - Aufwandsspende
9. Sponsorships - Patenschaften



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