



FINANCES



Our kit

7

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I. FOREWORD

The purpose of this booklet is to give some basic information about finances and the financial impact on the activities in a fellowship on local, national, regional and international level. We will try to give some advice on these matters to be sure that this vital part of our activities is basing on good and transparent routines.

We hope that both NSGFs and LSGFs might find it useful in their daily operations. The regions and sub regions might find valuable ideas for their activities.

Finances, fundraising, economics is only a mean to achieve our mission, our vision and our goals. Therefore, always have this in mind working with finances in ISGF.

The main question in all financial matters is a question of responsibility. All our activities in our fellowship are basing on the scout law and promise. However, we must never forget that we are dealing with people.

If you find this booklet elementary, just skip reading it. However, we have tried to address the writings for our members not familiar with economics and financial matters.



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II. INTRODUCTION

1. Basic elements for finances in an NGO

There are some basic elements when you consider finances in an NGO like a scout and guide fellowship. We will explain these elements later. A brief overview at start:

- Finances are much more than money, especially in NGOs, who is basing on volunteers. Always look for free manpower.
- Always have the aims and goals of the organisation in focus. Finances are only a work tool to obtain goals.
- You shall always finance a specific goal or an activity
- Always make a budget for your operations
- Make routines for following up, also financially
- For running business – make an annual summing up
- For projects – sum up at the end of the project
- Finances should be transparent for all members

2. Different areas of activities

Activity	Annual budget	Special budget
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a. On local level (LSGF's)

Day-to-day activities like monthly gatherings and meetings	X	
Projects like special meetings, seminars, guild tours, celebrations		X

b. On national level (NSGF's)

Administration with staff, facilities	X	
Projects, both nationally and internationally		X
Gatherings and conferences		X

c. On international level

Administration with staff, facilities	X	
Projects, gatherings and conferences		X

III. BUDGETING

1. Budgeting

Budgeting is as a way of getting the overview of all financial aspects of a specific activity. Independent of activity it is always useful to:

- Identify the activity carefully.
- Set a budget containing all the expenditures and income. Remember that free manpower also has expenditures.
- Split the budget in fixed costs and in variable costs. This is important in gatherings, seminars, conferences etc. Fixed costs are independent of the number of participants and are important especially in calculating the fees. Variable costs are costs varying with the number of participants.

Consider how to cover the costs.

Consider how to find the resources both financially and free human resources.

Consider the following rules for budgeting:

- Overestimate the expenditures of all kind;
- Underestimate the income;
- Underestimate the number of participants (if you are for instance organising a gathering of some sort);
- Add at least 10% security.

2. Risk-taking

After having made the first draft of a budget, you should make a judgement of risk. There are different ways of doing this, but a very simple one, which you can use on all kinds of activities, is as follows.

Depending on the activity, especially conferences, seminars, gatherings etc., consider the following:

- What is the lowest possible number of participants? Or paying members?
- With that number, what will the fee be?
- Is that fee acceptable?

On this basis you should set the fee (see item IV.1).

IV. FINANCING

1. Financing an administration

Financing an administration is a different area. The need for a budget is even more important. Normally the only way of financing an administration is by membership fees. In this area, there are some different questions to ask:

- How to communicate the need for an administration.
- How much are the members willing to pay annually?
- What options can an administration bring to the organisation?
- What are the consequences of having no administration?

Please, inform the organisation before deciding the goals. That means the number of employees, office standard etc.

Different from projects an administration has the challenge to master obligations perhaps many years ahead. This gives a focus on the cash flow of the organisation.

Cost items to finance an administration:

- **Salaries** and social charges
 - Further education of the employees
 - Travelling expenses of the employees
- **Room rental** and associated costs
 - Cleaning costs
- **Technical equipment** (e.g. telephone, computer, copy machine, printer ...)
 - Maintenance
- **Office supplies**
- **Bank charges**
- **Insurance**
 - ...

2. Financing projects

Projects are a different area of financing. First of all a project has a limited frame of time, a very clear goal and is of course much easier to sell. However, you have to use the same elements according to planning, budgeting etc.

Use the following elements in financing projects:

- Make a **first overview** of the project
 - What kind of project is it (see item 1.3)
 - Involvement of other participants
 - A rough budget
 - Will this project be easy to sell?
 - Ideas of financing the project
- Then make a **project plan** including these items:
 - Activities
 - Duration in time
 - Responsibility of the activity
 - Need for resources
- **Before starting a project**, be focused on the financing activities. Can we finance the project by the LSGF/NSGF itself, or do you need other sources.
- Find **partners** if necessary.

Cost items to finance a project:

- Preparation costs
- Staff costs
- Room rental
- Technical equipment
- Material costs
- Transport costs
- Costs of meals and drinks
- Costs for sending invitations (e.g. postage)
- Costs for public relations
- Third-party services (e.g. artists)
- Insurance
- Simultaneous translation in international gatherings
- Costs connected to closing a project
- Follow costs
- ...

V. FUNDRAISING

1. Setting the fee

Especially to finance, gatherings, tours, seminars etc. you may charge fees. The fee often has to be set before knowing the exact expenditures.

An easy way to make these estimates is to split the budget in fixed costs and in variable costs.

1st step:

Fixed costs / minimum number
of participants = fixed costs per person

2nd step:

Fixed costs per person + variable costs
per person = total costs per person

3rd step:

Total costs per person + 10% = fee per person

Then you can compare the costs per person with the max level of fees that participants are willing to pay.

2. Sponsoring ...

...that means:

- giving money or other benefits
- by companies
- that support social policy

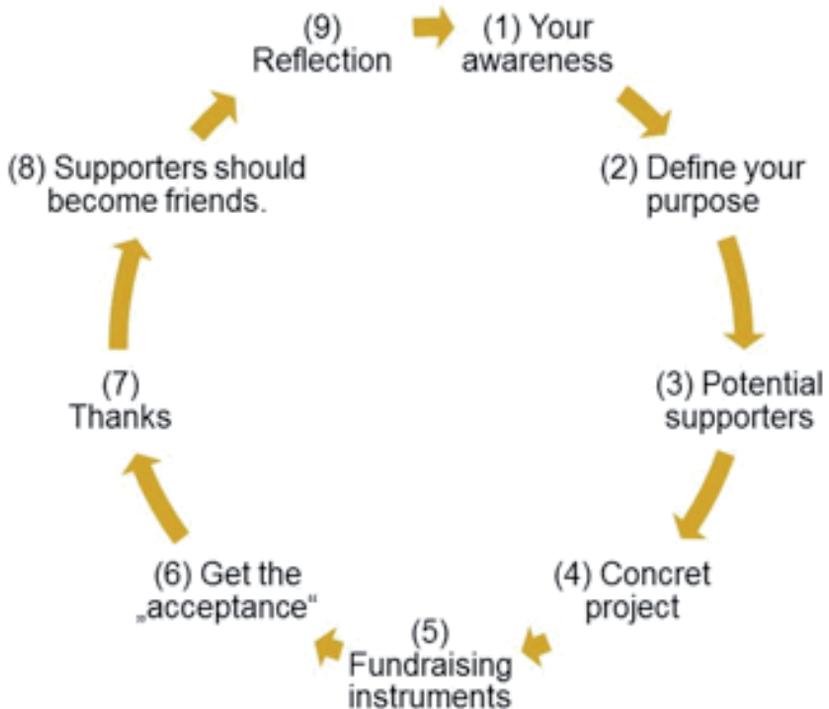
Sponsoring works very well, if you have good relationships to a company that is interested in social commitment.

Usually the company expects a “quid pro quo” (e.g. advertisement, publicity).

3. General fundraising

Fundraising is not a fluke. It is a systematic and long-term procedure.

The following graph shows you the most important nine steps of fundraising. Best communication and sound management is necessary.



In detail:

Is your purpose fitting to fundraising? Does it support public good? If yes, be self-confident. (1)

Please, define your purpose exactly. (2)

Who could be your supporters? What might be the point of view of the supporters? Are they interested in your purpose? (3)

Potential supporters:

- People, who are concerned
- Relatives, friends
- Rich or affluent people, who like social engagement
- Public
- Companies
- Foundations
- Local government
- V.I.P.s.
- ...

You need a concrete project, because supporters like to know, where their money goes. (4)

Be creative in choosing your fundraising instruments. (5)

Fundraising instruments:

- Personal contact
- Public collection
- Request for donation
- Mailing
- Phone campaign
- Selling items (with the ISGF logo)
- Privilege of your logo (NSGF selling their own items)
- Charity event
- Auction
- Raffle
- Flea market
- Advertising
- ...

Get the acceptance! (6)

- Be obliging!
- Speak briefly and clearly, so that externs can understand!
- Emphasize an advantage for the donator!

Say thank you in a suitable way (e.g. send some photos of the project). (7)

Supporters should become friends. Then they will support you again and again. (8)

Please, don't forget to reflect your activities. (9)

VI. MANAGING MONEY

1. Basic rules

Every financial activity needs a control system. Even as scouts and guides having our activity based on the scout law and promise, we should not be naive. It is also necessary to establish the control system in beforehand. Some specific issues in these matters are as follows:

For security reasons: Limit the number of people who will have access to the money.

Income:

- Income - especially cash – you should count by two persons, and the resulting document you should sign by these two persons.
- All income (like fees etc.) you should be transferred directly to a bank account belonging to the LSGF, NSGF etc.
- Every payment in cash you should confirm by a receipt.

Expenditures:

There are some common rules to handle the expenditures.

- Limit the numbers of people who are allowed to purchase.
- A different person should confirm the purchase.
- An invoice shall have sufficient information about the expenditure.

2. Documentation / accounting

Every transaction you have to be write down. The intensity of documentation depends on the level of the project and of course on the rules for accounting in your country.

3. Controlling

Dealing with a long term project you should check regularly if the income and the expenditures are in accordance with the plan and you should secure that the money is spent as intended.

4. Auditing

In a control system, the key issue is to have people independent of the activity (project, day-to-day business etc.) going through income

and expenditure to check that the routines and systems are followed and transparent.

5. Taxes

Please, be well informed if you have to pay taxes. Taxes depend on the laws and rules in your country. Sometimes the activities of NGOs with social commitment are free of tax.

VII. AN EXAMPLE FOR FINANCING A PROJECT

Project: Gathering in Northrhine-Westfalia, Germany

Short description: Once a year there is a gathering of all guilds in Northrhine – Westfalia, Germany. Once it took place at GRUGA Park in Essen. The goals of the gathering were contact care, fellowship, information exchange, discovering GRUGA Park, care of scouting traditions and fun ☐

Program flow:

- 10.30 a.m. – arrival of the guests
- 11.00 a.m. – welcome
- 11.15 a.m. – GRUGA Park rally
- 1.00 p.m. – lunch, barbecue
- 2.15 p.m. – presentation ceremony
- 2.30 p.m. – singing songs
- 3.00 p.m. – coffee and cake
- 4.00 p.m. – walk to church
- 4.30 p.m. – ecumenical service
- 5.15 p.m. – farewell circle

Rough budget:

Participant = about 70, minimum 60

Income = fees and donations

Expenditures

✓ Fixed costs = preparation costs, rent for the barbecue, planning expenditures, invitations

✓ Variable costs = entrance fee GRUGA Park, meals and drinks, copy costs (questionnaire GRUGA Park rally, song-booklet ...)

✓ No costs = salaries (volunteers only), transport costs (private cars only), insurance (not necessary), taxes

✓ (tax free)

Setting the fee (excel-sheet)

Fixed costs	amount	min. number of participants	price p.p.
preparation costs	30,00 €	60	0,50 €
rent for the barbecue	60,00 €	60	1,00 €
postage	10,00 €	60	0,17 €
total			1,67 €
variabel costs			price p.p.
entrance fee GRUGA-park			2,50 €
meals and drinks			4,50 €
copy costs			1,50 €
			8,50 €
total p.p.			10,17 €
secure 10%			1,02 €
total p.p.			11,18 €
max. fee the participants are willing to pay			10,00 €
shortfall p.p.			-1,18 €

The fee was set on 10 €. The shortfall of about $60 \times 1.18 \text{ €} = 70.80 \text{ €}$ had to be covered by donations.

Fundraising

Fundraising activities were necessary.

We first asked some relatives and friends for baking cakes and making salads. Thus we saved $10 \times 5.00 \text{ €} = 50 \text{ €}$.

We also organized catering in connection with a meeting of the German fellowship. We generated a cash surplus of about 35 €.

Budgeting (excel-sheet)

Income		Expenditures	
fees	600,00 €	preparation costs	30,00 €
self-made cakes and salads	50,00 €	barbecue rental	60,00 €
donations	35,00 €	postage	10,00 €
		entrance fee	150,00 €
		food	150,00 €
		drinks	90,00 €
		others	30,00 €
		copy costs	90,00 €
			610,00 €
		10% security	61,00 €
		surplus	14,00 €
	685,00 €		685,00 €

Some impressions of this project



VIII. CLOSING REMARKS

Scouting and guiding is a unique fellowship. This has also an impact on finances and on how we are acting in financial matters. Two main areas:

We shall be frugal in our activities. That means that we shall not use more money than necessary when we are doing our activities whatsoever. AND.

We shall do good things for others.

Best of luck in financing your projects!





ISGF • AISG

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