



In kind contributions in Financial Reports

CNA/CEF meeting, October 28th 2015



True and Fair view

The role of a financial report is to give a true and fair view of the financial position of an organisation.

In the context of advocacy it is also to show where the potential conflict of interest are.

With or without?

Would the accounts of a patient organisation be true without the economical valorisation of its volunteers?

Would it be fair compared to other sources of funding?

Example

Example - page 1

5 dynamic volunteers

- working the equivalent of one day per week each
- monthly cost of equivalent full time staff is EUR 1,800 per month

Office space offered by the town. EUR 7,000 per year.

Audited yearly accounts provided by friend. EUR 2,000 per year.

Flyers printed pro bono. EUR 500.

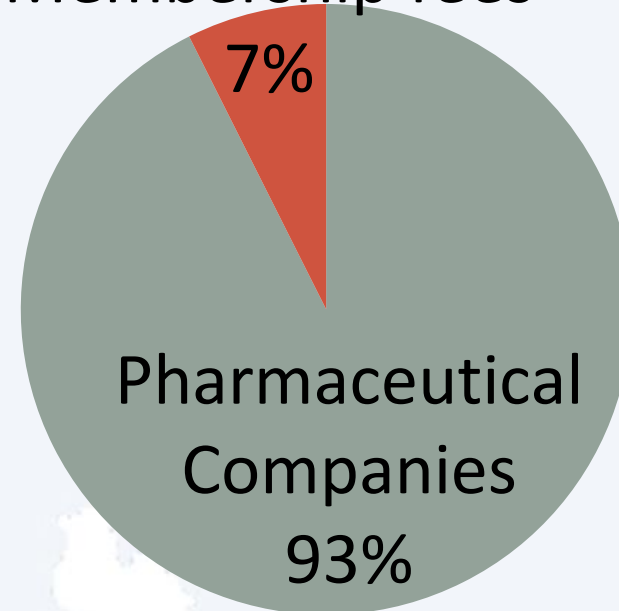
Individual donors + members contributing EUR 2,400.

3 Pharmaceutical companies contributing EUR 30,000.

Example – page 2

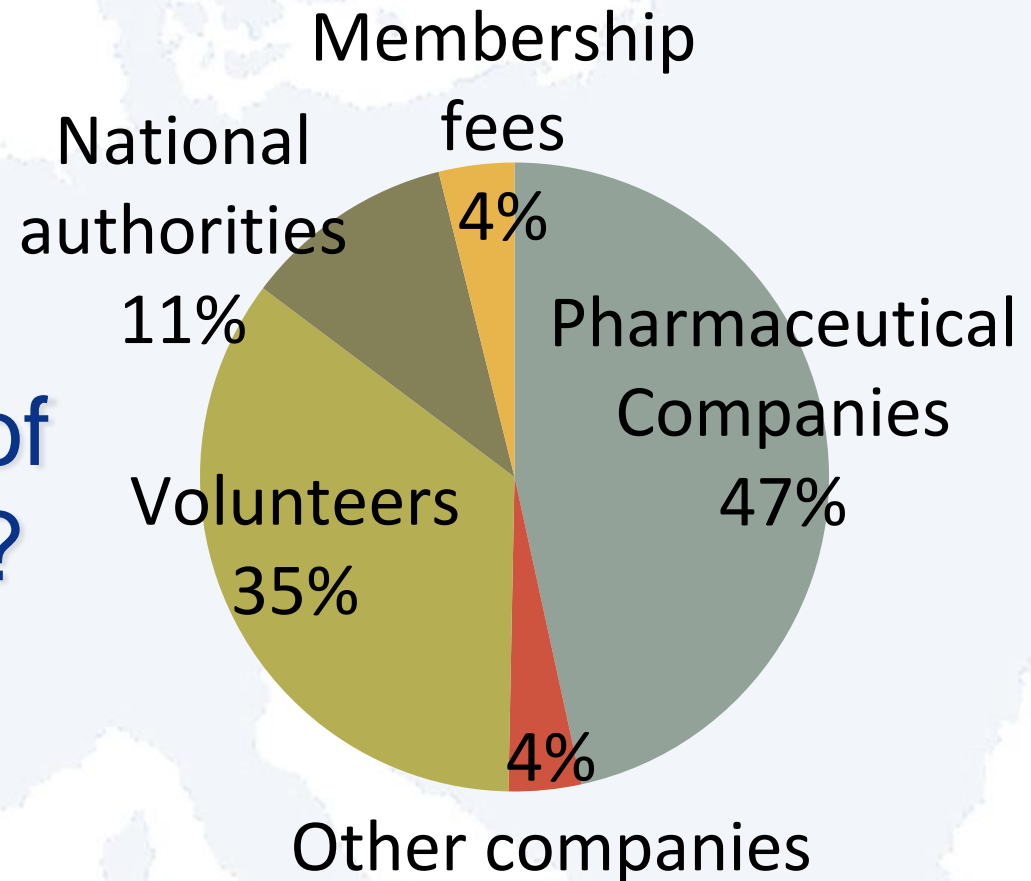
Is this a true
and fair view of
the accounts?

Membership fees



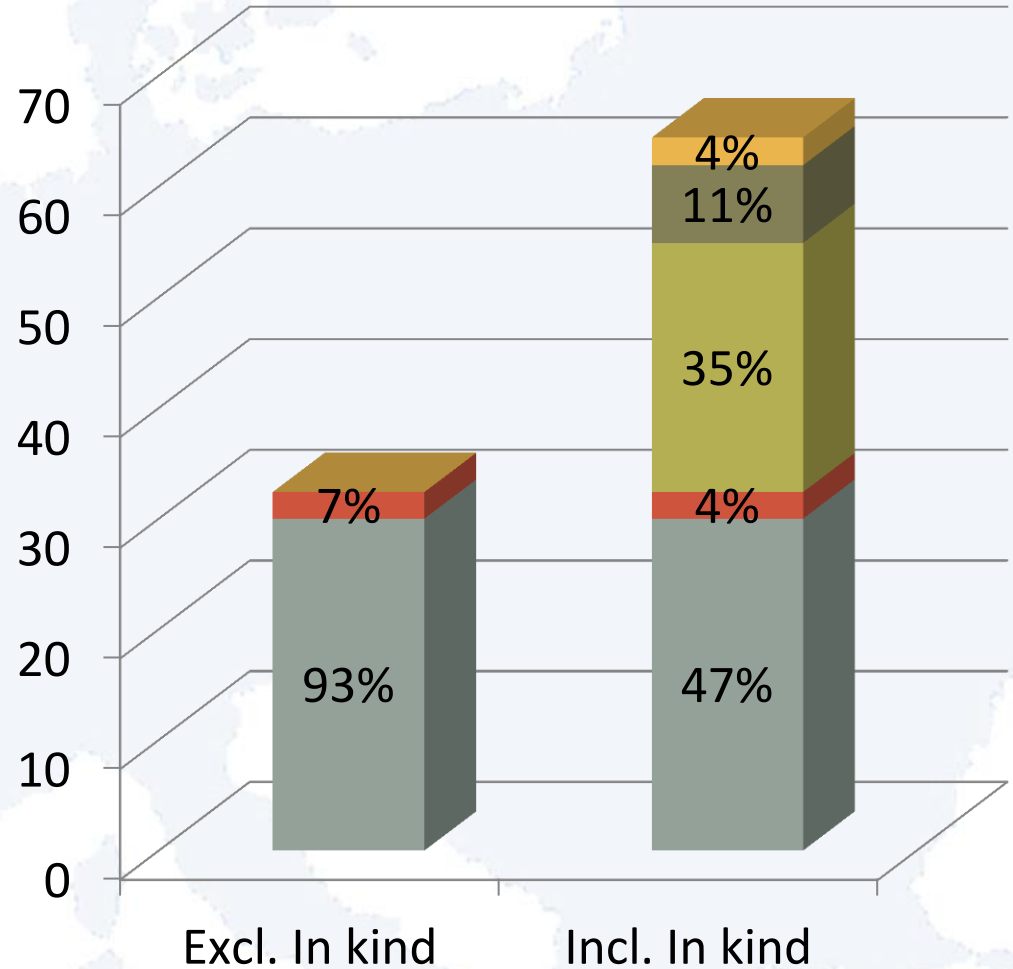
Example – page 3

Is this a true
and fair view of
the accounts?



Example – page 4

Two ways to present the same reality.



Publications

Publications – page 1

On eurordis.org, in the Policy on Financial Support by Commercial Companies:

To maintain its independence, EURORDIS has set itself the objective to balance revenues, **both monies and in-kind**, from these 3 different sources in its Strategy 2010-2015. The ideal goal is to reach the following distribution: 1/3 from Patient Organisations including membership fees to EURORDIS, AFM-Telethon and the **economic valorisation of volunteers contribution**, 1/3 from the public sector including the European Commission (EC) and national authorities and 1/3 from the private sector including not-for-profit organisations and commercial companies, both from the health and non health sectors.

In its annual budget, EURORDIS limits the total financial support it receives from commercial companies in the health sector to the total amount of funding provided by Patient Organisations including its membership fees, the AFM-Téléthon and **volunteers**.

EURORDIS may accept financial or **in-kind** commercial companies' support

Publications – page 2

On eurordis.org, in the
Policy on Financial Support by Commercial Companies:

EURORDIS may accept financial or **in-kind** commercial companies' support

3.6 Other **In-kind** support

Commercial companies may also make non-monetary contributions to EURORDIS, such as:

- Seconded staff or professional services provided without charge
- Equipment donations (e.g. computers and other equipment)
- Meeting rooms
- Other non-monetary contributions (e.g. furniture, printing services)

Publications – page 3

On ec.europa.eu/chafea, in the operating grant's guide for applicants :

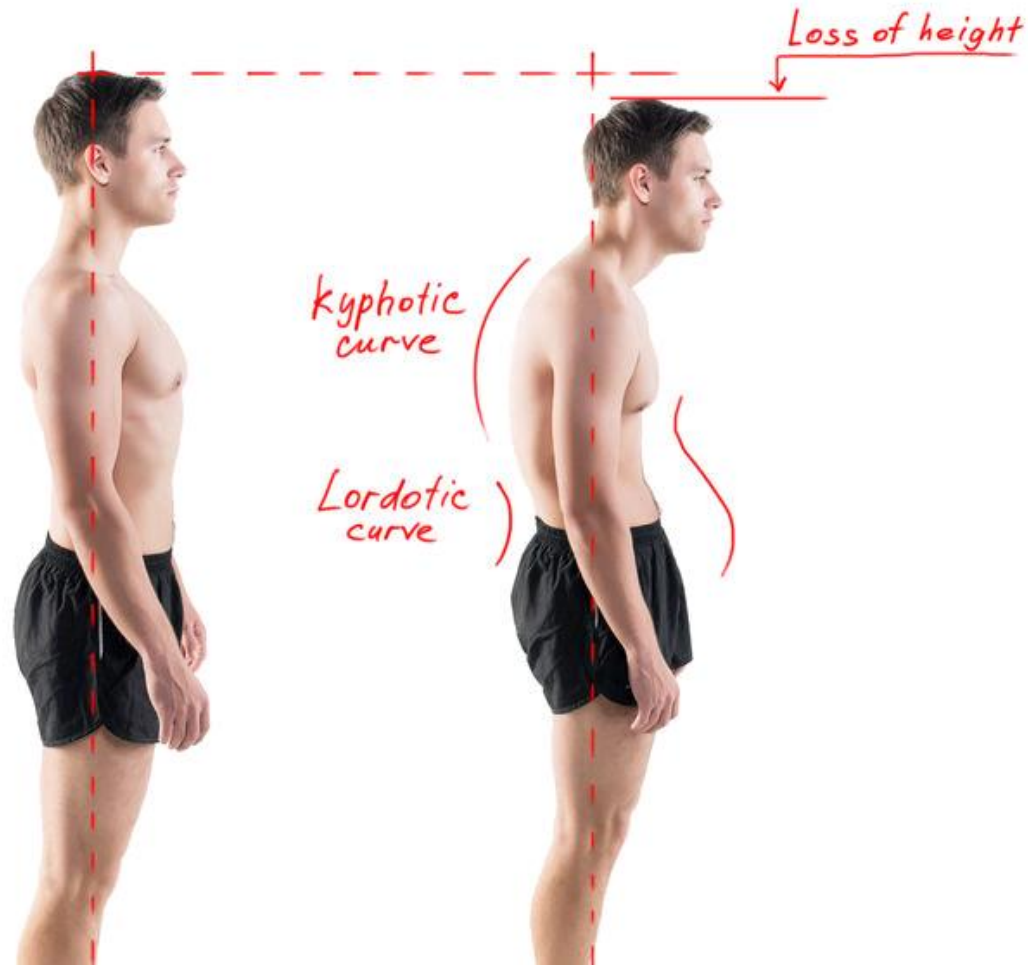
Transparency: All activities should be published in the applicant's annual report and all information on funding is to be made available to the public via the applicant's website, broken down by type (core and project funding, **contribution in kind**) and by funding entity.

Additional information

- ⇒ **Contributions in kind** are services or goods used for the implementation of the organization's/network's workplan and provided to the applicant free of charge, e.g. staff seconded to beneficiary without financial flow (i.e. their salaries paid directly by beneficiary), work by voluntary helpers, use of buildings, office space, etc
- ⇒ Contributions in kind **are not accepted as eligible costs** to be taken into account for calculating the grant. As they provide added value for the work programme, they may be declared in the initial budget and final financial report, thus giving a precise idea of the work programme value, but they need not to be justified to the EAHC. If the applicant opts to include them in his report, they must be listed **separately** from the other costs given its nature of exception at the time of the negotiation phase.

Methodology

Methodology – page 1



Show your muscles, but don't pretend

Methodology – page 2

Volunteers – slide #1 – criterions

1. someone you would have paid in a standard work environment
2. is speaking on your behalf
3. someone over whom you have control

Your volunteer must be aware that you consider him as a volunteer. Not to be confused with a partner.

Methodology – page 3

Volunteers – slide #2 – volume of hours

We recommend to validate with the volunteers at least 80% of the estimated volume of hours and to keep track of this validation/confirmation.

You need to be sure nobody could accuse you of creating fake numbers.

Methodology – page 4

Volunteers – slide #3 – hourly rate

Can be an average of equivalent salaries in your organisation or an estimation if you don't have any employees.

At EURORDIS we have 3 different hourly rates for volunteers:

1. Representation in committees, conferences, etc.
2. Moderation of online communities
3. Office support

Methodology – page 5

Volunteers – slide #4 – overheads

3. You can add 5 to 25% for the office space / furniture / phone, etc. that you would normally have to pay for staff persons.

At EURORDIS we use 5% to be sure nobody would accuse us to over estimate this budget line.

Methodology – page 6

Free office space

Ask your host for a proforma invoice or use data published on the internet for equivalent offers in the neighborhood.

PÉRIODE	LOYERS MOYENS (HT/HC/M ² /AN)	LOYER MIN (HT/HC/M ² /AN)	LOYER MAX (HT/HC/M ² /AN)
3 T 2014	383 €	249 €	450 €

At EURORDIS we update this data every three years only to avoid unnecessary fluctuations in our accounts.

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Services

Use a proforma invoice from the provider or an email with clear indication of the amount which would have been charged VAT included.

You can use prices published on the website of the provider.

Recommendation: Do not invent numbers if you don't have evidences from your provider.

Methodology – page 8

Audit

Include the verification of your in kind contributions by your auditor, publish them on your website as requested by DG SANTE.

Conclusion

4 guiding principles:

1. Fair and true
2. Transparent
3. Show your muscles
4. Don't pretend

THANK YOU

