

Guidelines for the Swedish Fundraising Control's budget form

1.1 Introduction

A budget is a forecast of future planned economic events. As the budget is an important tool in the work of steering an organisation's finances, the Swedish Fundraising Control requires that all organisations applying for a 90-account, or in the event of another request, must prepare and submit a budget to the Swedish Fundraising Control on a special form. The budget must be prepared for a period of at least one year into the future, even if this means that it extends over parts of several business years. Always indicate the year/period that the budget covers. It is also possible to fill in the values for another period for comparison. This instruction provides support in filling out the budget form, which can be found under the application/forms tab on the website www.insamlingskontroll.se. The form must not be changed, no new rows may be added in and the calculation formulae are not to be changed. Do not forget to fill in the name of the organisation and its registration number on the form. *Note: all amounts must be specified in SEK thousands, which is why they have to be rounded off. It is the original form, with signatures and names in block capitals, that must be submitted to the Swedish Fundraising Control.*

1.2 Consolidated accounts

If the organisation is a *parent company* according to the Annual Accounts Act, the budget must also cover all the subsidiary companies. Subsidiary companies refer only to subsidiary companies according to the definition in the Annual Accounts Act¹. If consolidated accounts are prepared, it is the entire group's figures that must be reported in the budget form to the Swedish Fundraising Control. The reason for this is that the Swedish Fundraising Control monitors the entire operation (§ 9 of the Swedish Fundraising Control's standards for 90-accounts – hereinafter referred to as the standards).

1.3 The Swedish Fundraising Control's income statement budget form

All income and costs must in principle be accounted for gross in the income statement (exceptions exist under row B130). Sales of goods and services, as well as other business activities, must therefore in principle be reported gross on the form.

With the aid of the form, the Swedish Fundraising Control can also analyse the organisation and calculate the individual key figures (*see section 3.1*).

2.1 Operating revenue from the general public (private individuals)

B010 Fundraising etc.

Fundraising refers to income from fundraising via the 90-accounts as well as other types of fundraising activities from the general public conducted by the organisation, e.g. collection box fundraising, text messages or via Swish. Other donations from the general public, such as donations by deed of gift or a will, are also included here. Membership income from the general public must also be reported here.

¹ Article 7 § 3

When reporting to the Swedish Fundraising Control, all donations that are expected to be received during the period must be reported gross. If your organisation intends to collect second-hand clothes or other items such as spectacles, furniture, etc., or free food, which is to be distributed to beneficiaries or sold, these estimated collections must consequently be reported gross here. This also applies if there is no accounting obligation, as the value of collected goods is important in order for the organisation's key ratios to be correct.

Second-hand clothes are valued at a maximum of SEK 25/kg, whereas other goods are valued at a cautiously estimated market value. *If the organisation anticipates receiving contributions from Radiohjälpen, Postkodlotteriet or some other organisation that has collected funds, such contributions must be reported under row B090.*

According to the standards², all estimated income and expenses during all fundraising performed by employing professional external companies (e.g. telemarketing, "Face-to-face fundraising") must be reported gross. The amount that the company expects to raise from donors must be reported here. All estimated costs for the fundraising operation, including the employed company's estimated costs, must be reported under row B230. *Note that valid agreements, once they have been signed, must be submitted immediately to the Swedish Fundraising Control for information purposes. If such agreements have been entered into, it is necessary to specify, in a note to this entry to the Swedish Fundraising Control, which company has been employed to carry out the fundraising.*

If sales, fundraising or some other administration are expected to take place with the aid of a private individual, all estimated income and expenses must be reported gross in the income statement³. This also applies if they are not intended to be included in the cash flow. Estimated income is reported here, and estimated costs are reported under B230.

B040 Sales of goods and services

Only sales to the general public of goods and services that have a commercial value to the recipient shall be reported here, regardless of whether the goods have been purchased or collected. The phrase 'commercial value' means that corresponding goods or services are available in open trade for a corresponding price. In order for the transaction to be considered to relate to a sale and not a fundraising activity, it is also necessary for the recipient to perceive it in this way.

Sales can relate to handicrafts, books, newspapers, etc., but can also relate to the arranging of e.g. sports events and concerts. Estimated sales of collected second-hand clothes in the organisation's own shops are also reported here, as is the arrangement of flea markets, bazaars, kiosks or cafés and Christmas markets. Planned lotteries and bingo operations also belong here if they required a permit, as well as the planned distribution of lottery tickets if this is of a particular scope⁴.

Telephone sales by the organisation, either under its own auspices or through the employment of professional companies, of cards (picture postcards, correspondence cards or art cards), pens, key rings and similar low-value items are not counted as sales, but instead must be

² § 11

³ § 11 with comments

⁴ See BFN publication 'Ideella föreningar och bokföringsskyldigheten' [Non-profit associations and the obligation to keep accounts], appendix 1, Collection of examples.

reported under B050. This applies even if this is deemed to be a business activity from an accounting perspective. If sales of the organisation's goods are intended to take place in its own shops or in the marketplace, however, they are deemed to be sales. Sales of goods of purely symbolic value, e.g. poster stamps and pins, must always be reported under point B050.

According to the standards⁵, all income and expenses must also be reported gross if the intention is for the sales to take place through the employment of professional external companies (e.g. telemarketing). If the organisation intends to reach agreement, or has reached agreement, with a company regarding the sale of goods, whereupon some of the income will fall due to the organisation, the entire estimated sales total must be reported here.

In the event of the *sale* of clothes that the organisation itself intends to collect, the value of SEK 25/kg does not apply; instead, the price for which the goods are intended to be sold must be specified, i.e. the estimated sales income. Any estimated costs are reported in row B210.

To the extent the sales or services constitute a part of the project, the cost must be reported as a project cost under R200.

B050 Fundraising with donation certificate

Fundraising with donation certificates refers to such cases where a person pays for a product that only has a symbolic value, e.g. pins, a pink ribbon, poster stamps, stickers or postcards. The value of the product is minor in relation to the payment, and the product is viewed purely as a type of receipt or donation certificate. If a product or service is expected to be sold at a price that exceeds the market value by more than 40%, this will also not be viewed as a sale, but rather as fundraising with a donation certificate, which must also be reported under this point. Individual lotteries that do not require a licence, and that are intended to be arranged among members during e.g. an association meeting, must also be reported here.

If the donor could perceive that the transaction in question is a donation to the organisation and not the purchase of a product with a commercial value, it must always be viewed as fundraising with a donation certificate. Estimated income from telephone sales, conducted by the organisation itself or through the employment of professional sales companies, of cards (picture postcards, correspondence cards or art cards), pens, key rings and similar low-value items, must always be reported under B050, even if the provision of these goods in other situations, e.g. in a shop, can be perceived as sales.

All income and expenses must be reported gross. Estimated costs are reported under row B220.

2.2 Operating revenue from others

B080 Donations and Contributions from authorities

All contributions from the Government, state authorities (such as SIDA), local authorities and county councils, as well as grants from the EU, must be reported under row B080. If the organisation has a salary contribution for an employee, the estimated contribution must be reported under this point. Salary contributions will consequently not be reported net where salary costs are reported, but will be included in the basis for salary reporting. The provision of procured services for a local authority or county council, which the organisation has received or is expected to receive in competition with other companies, will also be reported

⁵ § 11

here. If the service that has been procured falls within the organisation's project, estimated costs will be entered as a project cost under point B200.

Estimated costs for receiving contributions from authorities are reported under point B270.

B090 Donations and Contributions from organisations

Contributions from other non-profit associations and foundations will be reported under B090, provided the organisation is not expected to purchase a product or a service. Estimated contributions from the general inheritance fund and from Radiohjälpen, Postkodlotteriet or other 90-account holders will also be reported here. If the organisation is expected to participate in fundraising alongside Radiohjälpen, the collected funds will instead be reported under B010 Fundraising.

Estimated costs for receiving contributions from organisations are reported under B270.

If sales, fundraising or some other administration is expected to take place with the aid of an organisation, all estimated income and expenses must be reported gross in the income statement⁶. This also applies if they are not intended to be included in the cash flow. Estimated income is reported here, and estimated costs are reported under row B270.

B095 Donations and Contributions from companies

All estimated contributions, donations and sponsorship income from commercial companies must be reported under B095.

Estimated costs for receiving sponsorship or fundraising among companies are reported under B270.

If sales, fundraising or some other administration is expected to take place with the aid of a company, all estimated income and expenses must be reported gross in the income statement⁷. This also applies if they are not intended to be included in the cash flow. Estimated income is reported here, and estimated costs are reported under B270.

B130 Other operating revenue

Estimated income that cannot be attributed to other entries, such as membership fees from other organisations, is reported under B130. The estimated surplus or deficit from property management or other business activities that are not targeted at the general public, and that also do not have any link to the project, e.g. the hiring of premises or accommodation, is reported net here. In the event of an anticipated loss, a minus sign is written before the amount on the form. If the property management or business activities are linked to the project, e.g. hiring cheap accommodation on behalf of those in need or running a hospital, the estimated income from the activities will instead be reported gross here, and estimated costs will be entered to the extent they affect the project under row B200.

Other costs will be entered where they belong. If a property is only expected to be hired out in part, and is otherwise intended to be used for the project or used for fundraising and administration activities, the estimated costs will be allocated in relation to the proportion of the premises that is hired out or is intended to be hired out, or that is intended to be used for the project or for work involving fundraising and administration. Only the portion that is expected to come under the hiring operation may be reported net.

⁶ § 11 with comments

⁷ § 11 with comments

If more than 5% of total income is expected to constitute other business activities, an explanation for this must be provided in a note. Note that the sale of goods and services targeted at the general public must be reported under B040. Furthermore, salary contributions must be reported under B080. All financial income must be reported in the entries described under section 2.6.

2.3 Project costs (payment to the project)

B200 Project costs

Project costs refer to such estimated costs that are directly linked to the fulfilment of the AH's project in accordance with its statutes or standards. These costs include salaries and payroll overheads, research grants and equipment that is required for the project. Costs for premises also belong here, if the activity that constitutes the project is conducted there, e.g. accommodation for those in need or rehabilitation premises.

Costs for the project also include costs for opinion-forming activities, in those cases where opinion forming and information activities are included within the organisation's aim. Under such circumstances, the production of information material, e.g. books, magazines and brochures, constitutes a cost for the project.

Costs for the project also include costs for a representative office that has been established in a country solely on the basis of the collection organisation having one or more aid projects in this country. Another example is costs for the processing work occasioned by the granting of research grants or other contributions.

If the premises are used or are expected to be used both for fulfilling the project and for the organisation's administration or fundraising activities, estimated costs will be distributed in relation to the proportion of the premises that is expected to be used for the project and the proportion to be used for fundraising and administration work. The same applies in respect of estimated costs for employed staff and other joint estimated costs. The estimated salary contribution will not be reported net where estimated salary costs are reported, but will be reported under row B080.

If the organisation receives or expects to receive second-hand clothes, food, furniture, etc., which will be distributed to the beneficiaries, the estimated value of the collection under row B010 as well as the estimated value of that which has been distributed as a project cost must be reported to the Swedish Fundraising Control. This also applies if the donations have a market value that is difficult to assess and can be assumed to be low, and where the organisation is therefore not obliged to enter the donation in the accounts according to the Swedish Bookkeeping Act⁸. The reason for this is that the organisation's key ratios will otherwise be misleading.

An outgoing payment to the project, which has been decided on but not implemented, will in principle not be reported until the payment has been made. This basically means that in order to enter an estimated project cost here, the organisation must intend to pay it out during the period.

⁸ Article 5 § 1

2.4 Fundraising costs (general public)

B210 Direct costs in conjunction with the sale of goods/services

Direct costs in conjunction with the sale of goods and services, which have been entered under B040 and that do not relate to the project, are reported here. All estimated income and expenses must be reported gross.

If the organisation has agreed or intends to reach agreement with a company regarding this company selling goods, whereupon some of the income will fall due to the organisation, the entire estimated sales total must be reported under B040 and estimated costs must be reported here. When working out the key ratios (see under section 3.1), however, these estimated costs must be deducted. If a company is to attend to sales on the organisation's behalf, information about the company must be provided in a note.

Direct costs in conjunction with the sale of goods refer to estimated costs for the purchase of the goods, storage, distribution (freight, postage), commission and personnel (for handling purchasing, distribution and invoicing). If premises or personnel are also to be used for administration, activities associated with the project and other types of fundraising, the costs will be distributed in relation to what proportion is to be used for sales and what proportion for the execution of the service. The same applies as regards other shared costs.

B220 Direct costs in conjunction with fundraising with donation certificates

Direct estimated costs for fundraising with donation certificates, which have been entered under B050, are reported here. According to the standards⁹, and as mentioned previously, all income and expenses must also be reported gross in the event of any fundraising that takes place through the employment of professional external companies (e.g. telemarketing). If the organisation has agreed or intends to reach agreement with a company regarding this company selling goods of a minor value, whereupon some of the income will fall due to the organisation, and all estimated income is to be reported under B050 (see under this heading), the estimated costs must be reported here.

Direct costs in conjunction with fundraising with donation certificates refer to estimated costs for the purchase of the goods, storage, distribution (freight, postage), commission and personnel (for handling purchasing, distribution and invoicing). If premises or personnel are also used or are intended to be used for administration, activities linked to the project and other types of fundraising, the estimated costs will be allocated in relation to the proportion that is used for fundraising with donation certificates.

B230 Other fundraising costs (general public)

Estimated costs for fundraising from the general public are reported under row B230, such as collection boxes, advertisements, advertising campaigns and other information that challenges people to make contributions, salary costs for personnel who will be working on fundraising campaigns, including associated administration, thank you letters and a donor register. Estimated costs for brand reinforcement, profiling and positioning also constitute fundraising costs and must be reported here.

If premises or personnel are also to be used for administration, activities linked to the project, sales and fundraising with donation certificates, estimated costs will be allocated in relation to the proportion that is otherwise intended to be used for fundraising.

⁹ § 11

2.5 Administration costs

B270 Administration costs

Estimated administration costs are reported under row B270. Administration costs comprise such costs that are necessary to administer the actual fundraising organisation. A certain amount of general administration is required to ensure the organisation's controls and reporting maintain a high level of quality, both externally and internally. This consequently includes estimated costs for accounting, auditing, member enlistment, member register, directors' fees, board meetings, annual meetings, rent and salaries for administrative personnel, fees to the Swedish Fundraising Control, etc.

If Board members are expected to receive remuneration over and above the directors' fees for their work for the organisation, a separate decision must have been taken regarding the size of the amount that relates to salary and what the salary refers to, in order for part of the estimated remuneration to be entered under an item other than B270. Estimated costs for the work involved in receiving contributions from authorities, organisations and companies are reported here.

If premises or personnel are used or are to be used for activities linked to the project, sales and fundraising as well, the estimated costs will be allocated in relation to the proportion that is to be used for administration. The same applies to other joint estimated costs. If a cost refers neither to projects nor to fundraising, it will be deemed to constitute an administration cost.

2.6 Profit from financial investments

B280 Interest income, share dividends, etc.

Estimated current return, such as interest and dividends from securities, must be reported under row B280.

B285 Capital gain, reversal of previously written-down securities

Estimated capital gains in conjunction with the sale of securities, as well as estimated reversal of previous write-downs of securities¹⁰, must be reported under row B285. Unrealised exchange rate gains, e.g. in a bank account in a foreign currency, must also be reported here. The estimated exchange rate gain that can be linked to the operation, on the other hand, must be reported where it belongs.

B290 Interest expenses and similar financial loss items

A fundraising organisation must not normally borrow funds. In certain cases, however, certain borrowing in commercial operations can be acceptable. Estimated interest expenses for loans, as well as estimated expenses linked to the financial administration, e.g. deposit charges, are reported under B290.

B292 Capital losses, writing-down of securities

Estimated capital losses in conjunction with the sale of securities, as well as write-downs of securities¹¹, must be reported under row B292. Estimated unrealised exchange rate losses, e.g. in a bank account in a foreign currency, must also be reported here. The estimated exchange rate loss that can be linked to the operation, on the other hand, must be reported where it belongs.

¹⁰ Article 4 §§ 14 a) and b) in the Annual Accounts Act

¹¹ Article 4 §§ 14 a) and b) in the Annual Accounts Act

3.1 Key ratios

The key ratios that must be explained by the organisation are also calculated on the basis of the budget form. If the organisation is expected to have fundraising and administration costs that are higher than 25% of total revenue, or payments to the project that are lower than 75% of total revenue, an explanation for this must be provided in notes that must be attached to the form. Other comments on the report can be made in the appendix to the form.

The proportion of the estimated total revenues that the organisation is intending to use for the project is calculated as follows.

The total estimated revenue is ascertained by adding B150 to B280, and then subtracting B210 and B290. The project cost, B200, is then divided by the estimated total revenue and multiplied by 100, and this then produces the budgeted percentage rate for project fulfilment.

The proportion of the estimated total revenue – as a percentage – that the organisation expects to use to cover the estimated fundraising and administration costs is calculated as follows. B220 + B230 + B270 are totalled here. The total is then divided by the estimated total revenue and multiplied by 100.

The proportion of the estimated fundraising costs as a percentage, relative to the estimated revenue from the general public, is calculated as follows. B220 + B230 are totalled here. The total is divided by B100 - B210 and multiplied by 100.

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