

# The very basics of Financial Management in Patient Organisations: Requirements, Sources, Budgeting, Grant Writing

WECAN Academy 2019

Sunday July 7

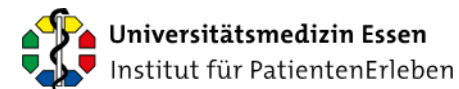
Markus Wartenberg, SPAEN / DSS



# Being A Patient Advocate For Many Years...



Patient Experience Institute:



# Content

## **PART 1 – Financial Management**

- Finances & Financial Management
- Funding/Income/Earnings
- “Profit” In A Non-Profit
- Anatomy Of A Basic Budget
- Simple Project-Calculation
- Some Experiences/Recommendations/Tips

## **PART 2 – Grant Writing / Funding Requests**

- Very Limited Time: In Fast-Forward...

# Finances...

**Finances are the water,  
giving your organisation the ability to sail on!**



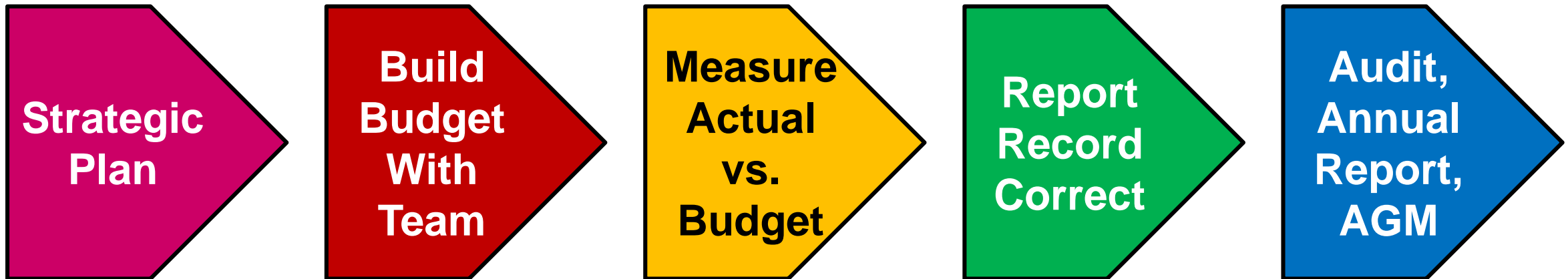
Wording:  
Liquidity

# Finances: Management Process...

Every “enterprise” needs finance

- to carry out its operations
- to achieve its objectives.

Non-profits too...

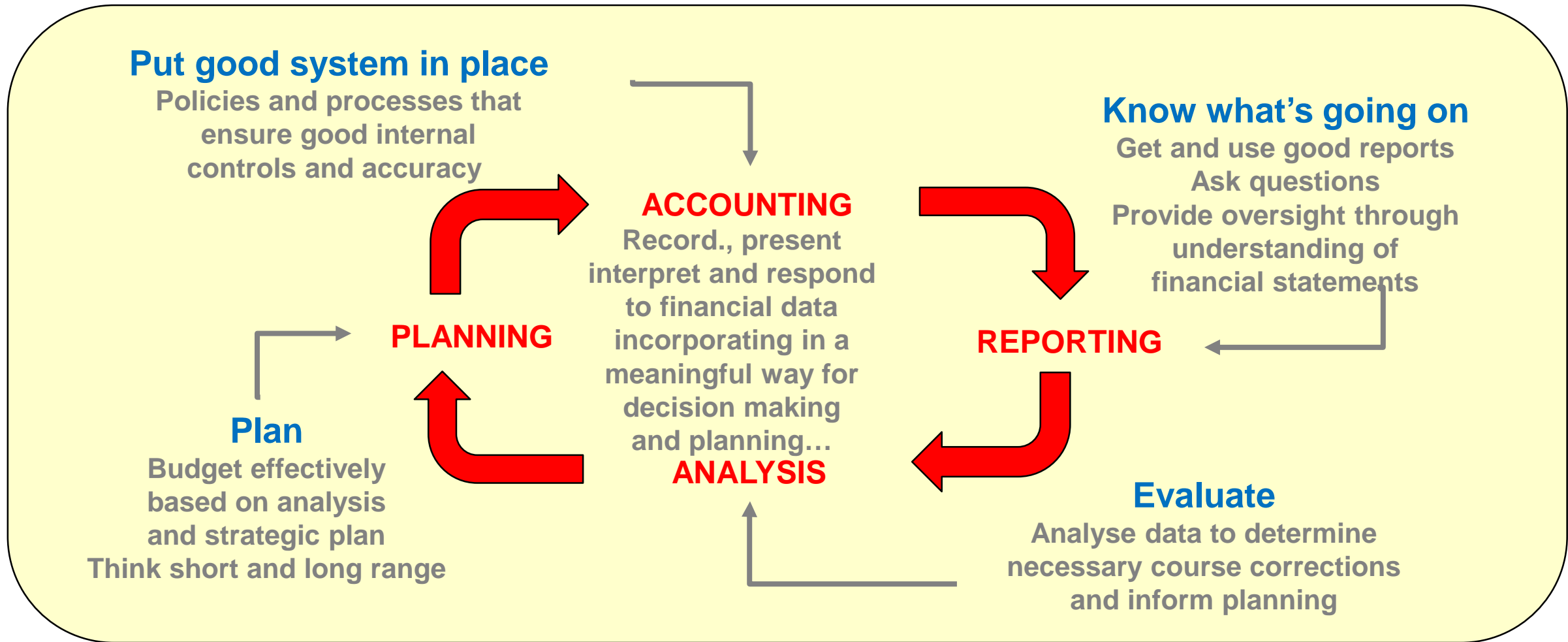


Making a Budget = Having a Plan!

# Financial Management

- Important part of your Mgmt./Board activity (Responsibility!)
- Planning and controlling financial resources (short term & long term)
- Finding out various sources for raising funds
- Suitable and economical sources
- Proper use of funds (managing costs/expenses)
- **Charitable** non-profits:
  - Rules/regulations/processes for tax exemption
  - Transparency > Credibility
  - Donors:
    - What did I get in return for my contribution?
    - What did they do with my money?

# Financial Management Cycle



# Looking For Funding/Income/Earnings...

## OWN Income/Earnings:

- Income from capital or leases
- Donations (various types)
- Diff. types of online funding / crowd funding
- Membership fees, supporter fees
- Participation fees
- Fundraising / charity events
- Services to others
- Community Advisory Boards (CABs)
- Product sale
- Publishing activities
- Planned giving
- Certification processes

etc.

## EXTERNAL Income/Earnings:

- Companies: Donations, grants, sponsorship, advisory boards, honoraria (Pharma and other companies/brands)
- Companies: Part of a promotion
- Funding from government
- Funding from cancer societies
- Funding from sickness funds
- Funding from other Foundations
- Other public funding sources
- Courts: Penalties/fines
- Project contribution national / international (e.g. partner in EU projects)

etc.



# Understanding your donors/funders

## Fundraising or Donor Pyramid



# „Profit“ In a Non-Profit...

**Even if it is called a non-profit:**

**To generate profit (surplus) is important for e.g.**

- Bad times (assets, reserves)
- Unforeseen funding gaps
- Bridging liquidity constraints
- Unscheduled Investments
- To generate additional income (interest, rental income, etc.)
- Maybe participations, spin-offs
- etc.

# Anatomy of a basic budget (1)

## INCOME/EARNINGS

### OWN INCOME e.g.

- Membership Fees
- Donations (Cash/Account)
- Online Donations
- Mourning Donations
- Income From Events/Trainings
- Product Sales/Give Aways
- External Services
- Interests from investments

### EXTERNAL INCOME e.g.

- Government Grants
- Company Donations/Grants
- Company Project-Sponsoring
- Foundation Grants
- Participation in EU-Projects

## COSTS/EXPENSES

### PERSONNEL COSTS/EXPENSES

- Salaries (incl. social Benefits)
- Independent Contract./Freelancers
- Honorary Fee/Packages (Volunteers)

### OPERATING COSTS/EXPENSES

- Rent, Lease, Telecom, Office Supplies, IT/Technology, Traveling, Board Meetings, General Materials, Insurance, Write Offs, etc.

### CONSULTING COSTS/EXPENSES

- Consultants, Lawyers, Tax Consult.

### OFFSETTING TAXES & DUTIES

### PROJECT COSTS/EXPENSES

- Per project or field of activity

# Anatomy of a basic budget (2)

## INCOME/EARNINGS 2018

OWN INCOME	66.300,00EUR	
EXTERNAL INCOME	156.800,00	EUR
<b>TOTAL INCOME/EARNINGS</b>	<b>223.100,00</b>	<b>EUR</b>

## COSTS/EXPENSES 2018

PERSONNEL EXPENSES	109.800,00	EUR
OPERATING COSTS/EXPENSES	23.400,00	EUR
CONSULTING COSTS/EXPENSES	4.100,00	EUR
OFFSETTING TAXES & DUTIES	1.700,00	EUR
PROJECT COSTS/EXPENSES	50.800,00	EUR
<b>TOTAL COSTS/EXPENSES</b>	<b>189.800,00</b>	<b>EUR</b>

ASSETS/SURPLUS (PROFIT) 2018	33.300,00	EUR
= SAVINGS/RESERVES FOR THE FUTURE		

# Simple project calculation: brochure

Own costs / expenses	per hour	hours	amount
General administration fee			600,00 €
Time / costs volunteers Jack & Emily	50,00 €	16,00	800,00 €
Time / costs staff - Trish	48,50 €	24,00	1.164,00 €
Time / costs staff - Eric	31,50 €	24,00	756,00 €
<b>OWN costs / expenses, total</b>			<b>3.320,00 €</b>
External costs / expenses			amount
External staff - Mike - concept-support/text/corrections	offer		1.325,00 €
External agency - VISIO - layout/graphic design	offer		1.900,00 €
Support from specialist Dr. Who	agreement		500,00 €
Budget for photos/illus. (Image Bank)	budget		500,00 €
Production / printing (Master-Print)	offer		1.345,00 €
Packaging >>> letter shop (Master-Print)	offer		635,00 €
Postage / shipping costs (single shipping)	calculated		845,00 €
Postage / shipping costs (shipping Medic. Centres)	calculated		200,00 €
Buffer for unforeseen	buffer		430,00 €
<b>EXTERNAL costs / expenses, total</b>	<b>offer</b>		<b>7.680,00 €</b>
<b>Calculated total costs of the brochure (budget)</b>	<b>total</b>		<b>11.000,00 €</b>

# Some experiences, recommendations, tips...

**Ideally: Board Member with business skills / Financial management expertise...?**

**Auditing – ideally: Internal and external auditing (means e.g. tax consultant)**

**Costs/Expenses: Compare different offers – “play the non-profit card”...**

**Plan next years budget as early as possible: Funding requests need a lot of time!!!**

**Book keeping:**  
- Externally internally  
- Experienced volunteer  
- Cost allocation

**How is the financial process/workflow organised/documented? (Bylaws/rules/forms...)**

**Transparency to your members/donors/funders is important!  
Credibility!!!**

**Voluntary time has a value. Ideally a fair market value. It should be part of your calculation**

**Non-Profits / Charities: Learn the necessary rules & regulations (incl. taxes)...**

**Discover many available funding sources in your field... (Diversification!)**

**Pharma funding:**  
- Code of Conduct  
- Transparency  
- Acceptable %ge

**Think: Finances, Financial Mgmt. are important. And: Board Members are liable...**

# Grant writing / funding requests

# Why are we writing grants/requests?





# Why are we writing grants/requests?



# Why are we writing grants/requests?



# Why are we writing grants/requests?

**Because we need money (funding) in-kind contributions for**

- The organisation
- A project
- A campaign
- An activity/service
- Training
- Equipment
- Fellowships
- Research/A Study etc.

# What are types of funding requests?

- Letter proposal
  - Presentation in person
  - Full proposal with detailed budget
  - Online grant application system
- 
- For a single project
  - For a multi-year-project
  - For a “Sustaining Partnership”

# The grant process is never wasted

- Can't get a grant unless you write one
- Professionally fulfilling
- Requires you to focus your thoughts
- Armed with reviewers comments the second proposal is always stronger

# Who gives money?

**Depends very much on the country, culture, the structure of the healthcare-system, etc.**

- EU, national government, state, ministries, etc.
- Different players of the healthcare-system
- Research organisations, medical communities
- Cancer Societies
- Sickness Funds / Insurance Companies
- Special Foundations, charities, trusts, clubs
- Rich people
- Pharmaceutical Companies other companies
- People dedicated to your organisation

# Idea

- An idea is something that only exists in your mind.
- Your task is to present (sell) the idea in a fundable proposal.
- Take a vague idea and identify a specific problem or need associated with it.



## Some questions to think about...

- Does the funder share your goals?
- Is the funder interested in the same populations / target groups?
- Has the funder funded projects similar to yours?
- Have they made awards to institutions similar to ours?
- Time process of the funding?



# Writing a Grant is like Playing a Game

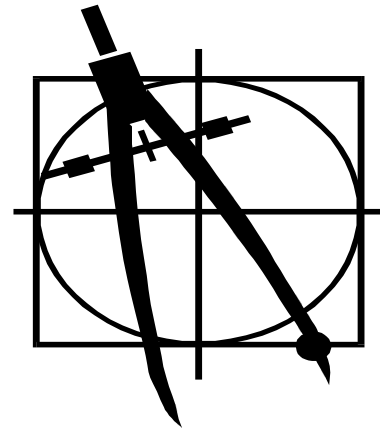


# You have to play by the rules

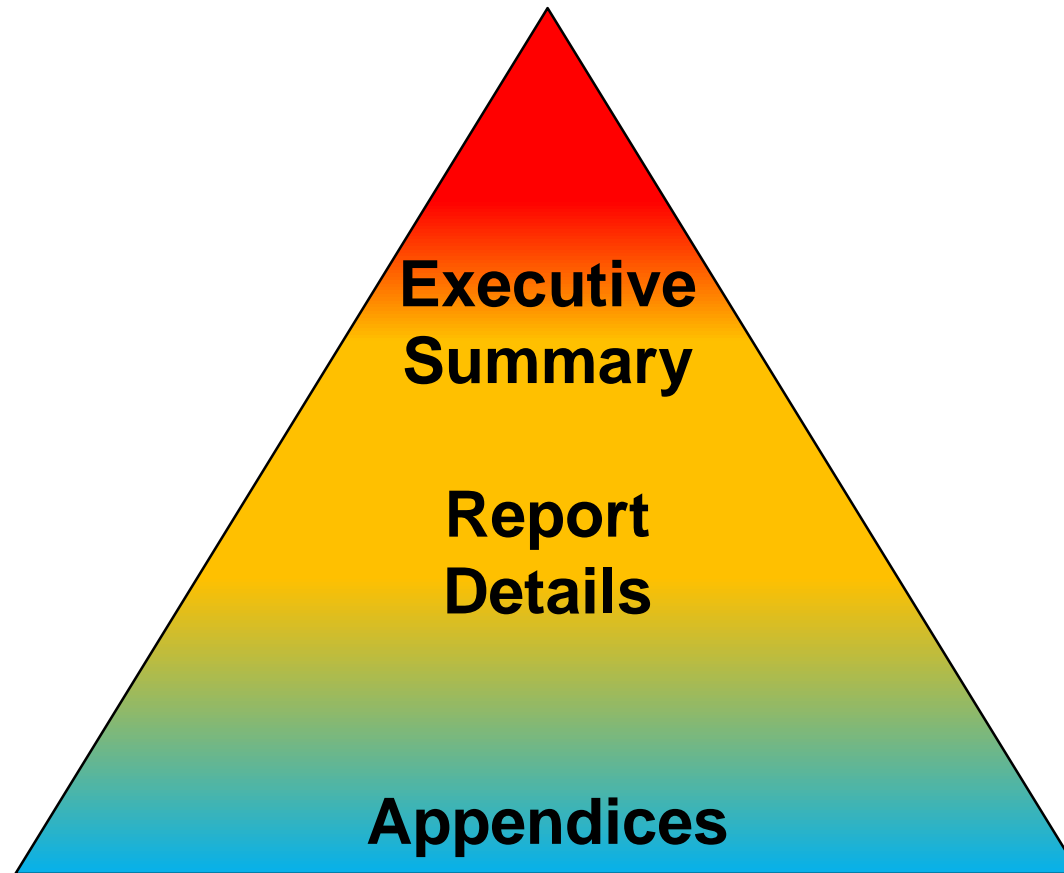
- **GET** the guidelines
- **READ** the guidelines
- **FOLLOW** the guidelines

**A grant is not just an idea**

**It is a clear plan**



# Grant Application: Think Pyramid



# Parts of a Grant Application (1)

- Cover page
- Table of contents
- Abstract (Executive Summary)
  
- Problem or need (the task you face)
- Goals & objectives
- Target group
- Methodology
- Quality of key personnel

## Parts of a Grant Application (2)

- Evaluation
- Continuation
- Dissemination
- References cited
- Budget
- Timeline
  
- Appendices:  
Vitae, Forms, Support Letters, Certifications, Assurances, etc.

## Some additional considerations

- Personal contact to the funder / programme officer
- How to support your grant/funding request?
  - cases, stories, evidence/data, statements, statistics, results of surveys, etc.
  - images, cartoons, layouts, videos, graphs, etc.
  - maybe emotions?
- Document: Visual quality, layout, correctness
- Sent or present?
- Maybe materials (slides) to present your proposal internally

