

Aides of the Civil Society Organizations

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Abstract: *In our research we examined the position of civil society organizations. We collected various forms of civil union aids and we gathered the concepts and rules of fundraising. We were curious about what are the main sources of revenue, especially for the civil society organizations, that are located in Jasz-Nagykun-Szolnok county; which are the most common fundraising strategies; how permanent donation is typical these days; and the proportion of the 1 percent offered from the personal income tax in the income sources. The Hungarian experience shows that the smaller organizations can rarely apply for support. Even if they can apply for a grant, the implementation or transact meet with difficulties. This is why we think, that the government is able to change that with a reform of the granting system, giving help for the non-governmental organisations in need.*

Keywords: *donation, fundraising, civil organization, state support, competition system.*

1. INTRODUCTION

Today's world is characteristically settled into profit acquisition and competition. This is exactly what rushes the civil organisations into their fight for their survival for existence. It is important to deal with this topic, because a part of civil organisations are made to color our humdrum, monotone everyday life, or to altruistically help certain social strata, independently and naturally without any kinds of discrimination. The law about the corporation tax and tax on dividends decrees, that the support provided for the non-profit organisations can be accounted as a tax reducing item. In certain conditions, it can even be the 20 or 40 percent of the donation. But is it an incentive for supporters? And what about the individual supporters? Why would supporting NGO worth it for them? In our research, we're looking for the answer. We based our examinations on secondary informations and on in-depth interviews with leaders of NSOs.

2. CIVIL ORGANISATIONS

Non-profit, so not profit-oriented, the organization does not pursue the acquisition of the profit, and the members may not withdraw the potential profit, it is necessary to roll it back to their own activity. Beside this, their feature is that they are independent of the other two of their determining society sectors, the governmental and market sector. This is why we use the term NGO (Non Governmental Organisation)

The common features of the organisations belonging to the non-profit sector:

- Institutionalized, legally existing organisations.
- independent leadership from government independent organisations, so the private sector, meaning that government officials are not given a determining role in the leadership.
- Their profit is not divided up among their founders, their leaders, but it is reinvested into their basic activity.
- NGOS are not economic companies, so primarily they are not focused on business activity.
- They operate according to the principles of the Local Government, so their activity and their management is managed according to their own rules.
- They do not take a part in the political life directly.
- They work on a voluntary, self-organisation basis, the voluntary character the determining feature of their function. (GÁDOR- RÓZSAHEGYI, 2006).

The law about civil organisations' function and support brought many changes into the life of the non-profit sector, emphasizing some among these: for example the civil organization name, the alteration of the fundamental rule, the severe criterion system to gain charitable status, as well as the preparation of the public benefit annex (KAHULITS, 2012). For some organisations from the non-profit sector, these changes gave much trouble from a financial viewpoint. This would not be a problem fundamentally, but their revenue sources decrease (for example membership fees, supports, incomes from farming and original activity) since they lose from their popularity rather continually.

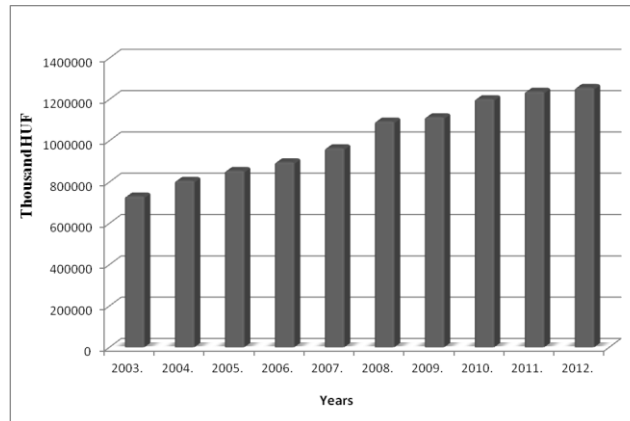


Diagram1. The income of the non-profit sector in Hungary between 2003 and 2012

Source: Based on Central Statistical Office data, own editing, <http://statinfo.ksh.hu/Statinfo/haViewer.jsp>, Downloaded: 2014.09.06.

3. THE NUMBER OF NON-PROFIT ORGANIZATIONS, COMPOSITION IN JASZ-NAGYKUN-SZOLNOK COUNTY

According to the 2011 data of the Central Statistical Office, 3105 non-profit organization operated in Jasz-Nagykun-Szolnok county. Since then, their numbers are presumably changed, both the law changes, both due to the prevailing economic situation. The 2011 data of the Central Bureau of Statistics clearly shows that, that in our county 637 (approx. 20%) a foundation and 1029 (approx. 33%) association operated. However, the interview with the Civil Information Centre of Szolnok revealed, that based on September 2014 data, there are registered but only slightly more, 540 organisations.

A study in 2013, provided by the Civil Information Centre was a great help, which is based on a questionnaire sent to 511 organizations, where the return rate was only 11%. 56 of 36 non-governmental organizations responding were established in Szolnok, 20 per cent was established in rural area. This study shows, that in terms of organizational form the surveyed non-profit organizations 75 percent is association, and the remaining 25 percent is foundation. We have to mention it here, that in case of a present study *clubs are classified as associations*.

4. ACTIVITY OF NGOS

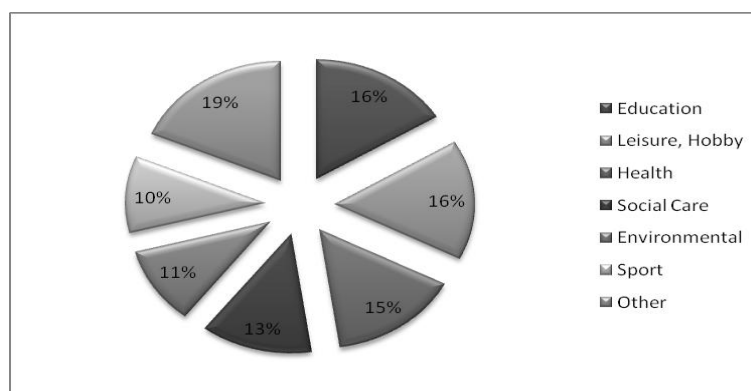


Figure2. Distribution of NGOs by activity in Jasz-Nagykun-Szolnok county, in 2012 (%)

Source: Veresné Péter Judit, Martók-Alíz Mária: *Civil Jövőkép 2013, Jövőkép vizsgálata a Jász-Nagykun-Szolnok megyei civil szervezetek körében, 2013*, own editing

A study requested by the Civil Information Center shows, that more than half of the 31 surveyed organizations, works with culture, leisure, hobbies and health. This shows that the non-profit organizations are really made to help everyday life become more colorful. The other categories were sorted to "other", because only 1 existed of each. Such as: civil protection, fire fighting, community development, economic development, multipurpose donations, international relations, etc. 11 percent of the respondents deals with social care, 9% percent deals with the environment and sports.

5. SOURCES OF REVENUE OF COUNTY NON-PROFIT ORGANIZATIONS

The non-profit organisations' incomes may originate in the association's case from a membership fee, in the foundation's case, from the fees of the founders, economic and business activities, grants from the EU, the individuals offering 1 percent of their tax, from other organizations, or even donations received from individuals and also from investment activities. In the county, more than 60 percent of organizations receives some sort of public assistance and almost the same number receives assistance from firms and individuals. In the 56 organizations surveyed, 23 organisations' revenue comes from their main activity; and only five comes from farming activities. The study also shows, that 64 percent of organizations has the annual income size between 50 thousand and 50 million HUF, 16 per cent has it between 5 million and 50 million HUF. It is also visible, that 9 percent of respondents, 5 organizations claim, that their annual income is over 5 million HUF. In addition, it appears clearly, that there are 4 organisations, where the income barely reaches 50 thousand HUF.

The 3rd diagram shows, that the Association of Blind and Sighted in Jasz-Nagykun-Szolnok county, in spite of the advantages mentioned above, in 2009 a huge setback occurred in donations. One of the most popular events, the „A drop health” had 33 supporter in 2008, and in 2009 this number decreased to 9. In 2010 there was a further decrease. From 2011 we can see a slow growth.

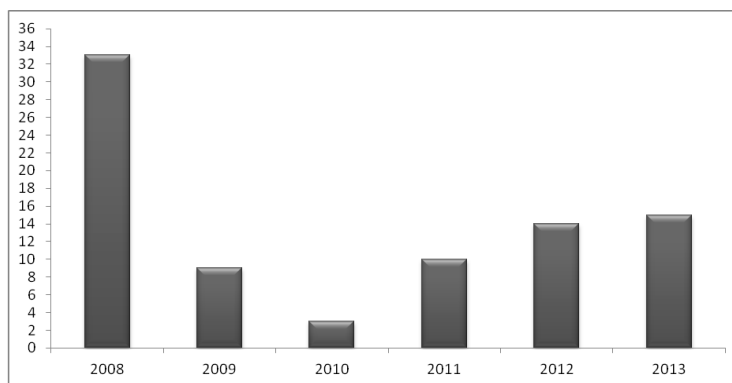


Diagram3. Supporters of "A drop of health", 2008-2013

Source: http://www.jnszmvakok.hu/?page_id=63, own editing. Downloaded: 2014.04.20.

6. SUPPORTERS: INDIVIDUAL SPONSORS

The law of the personal income tax insured a tax relief for the private persons making a donation, but until only 2008. Private persons can not request any kind of tax relief, if they support civil organisations. But it is worthy to mention that they can offer 1 percent of their personal income tax, which has a big significance. The beneficiaries of the 1 percent of personal income tax can be:

- associations and foundations, if it actually performs charitable work without interruption since January 1, 2012.
- charitable organization that operates with state and local government department,
- entities listed by law (eg.: libraries, archives, museums, cultural and creative art performing organizations, churches)

Common conditions that they must be established in Hungary, their operation should be done to the Hungarians in Hungary and abroad, their non profit activity exists from 1st january 2012. they do not engage in any political activity and the organization operates fully independently of political parties. (BUSINÉ DOBOS, 2013)

On county level, we can saythat about 45 percent of the 540 registered members have 1-2 individual sponsors.

7. FUNDRAISING

There are non-profit organisations that have specific fundraising strategy. An example is an interviewed organization, the Association of Blind and Sighted in Jasz-Nagykun-Szolnok county, who does not carry specific ongoing fundraising, and finding individuals is not typical. They only have one donation collection box, which is located in the office. Their donations collecting strategy is more related to individual events. They follow these steps:

- Event announcement via newsletter, in public meetings, in the clubs, or by paper mail.
- Defining the event program.
- Cost calculations: what will be needed in the event.
- Gathering the adequate sponsors, create description of the program and the number of visitors expected.

The number of visitors are very important information for sponsors. The association's colleague visits the given supporter and describes the program, so the company can see, that the association is purposeful, conscious, which already has a well-established and familiar donation, thus increasing the chance of any assistance.

8. THE ISSUE OF PERMANENT DONATION

According to the Civil Information Center, permanent donation is not typical in Jasz-Nagykun-Szolnok county. Out of 540 registered members, only 20 percent can claim to have a permanent, 1-3 donors. This also illustrates that, the Association of Blind and Sighted in Jasz-Nagykun-Szolnok county is not in a long-term contact with any company. There are several reasons for this. First, that the, that the regular supporters do not really dare to pledge themselves beside an association yet, because they are afraid, they wont be able to pay the association the whole time of the contract. The other reason is, if there were such companies, that are willing to sign a contract with someone of permanent donation, they prefer to donate a national organization.

9. THE SITUATION OF NGOS IN JASZ-NAGYKUN-SZOLNOK COUNTY

We fund almost every level of support in this conty. For the Association of Blind and Sighted in Jasz-Nagykun-Szolnok county, fortunately, despite the decline in recent years, has a lot of support. They manage to transact more programs with the help of exterior supports on a year level. In contrast, the Association of Tourism Public Employees receives no aid. Maintaining it is possible from tenders and membership fees. Szolnok Kodaly Choir can neither claim, that they have a plenty of support. They can increase the grants and membership fees by a few hundred forints. And the situation is getting worse as time goes by. The maintenance costs are getting higher, however, the revenues are diminishing. Will the situation get worse in ten years?

10. SUMMARY

Our research reveals, that they are really short of sources of income, and the smaller organisations of the civil sector were forced to cease, who really have been created in the interest of public. It shows well, that study commissioned by the Civil Information Centre the response rate was only 11 percent. We believe that the tenders could provide sufficient resources to the civilian sector. Today, most of the Jasz-Nagykun-Szolnok county organizations try to make use of this possibility with more or less success. Writing a tender is a major task for the small NGOs, since it takes a lot of time, and costs. In addition, it is also important to mention, that the tender undertakes pre- or post-financing. Unfortunately, many organizations are not able to generate enough money, to fund their own event and only receive the support after. Some county association, won a tender to organize an event, however, the amount of money gained arrived long after the event, if ever arrived, which in many cases got less as they promised. Based on a non representative survey of the Civil Information Centre 28% of respondents gave proposals in connection with the National Cooperation Fund. Tenders will indeed represent a a potential solution to maintain the non-governmental organizations, but reforms are needed, that those organizations can successfully apply for, who have small income. However, this will be a new research topic.

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