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Sources of financing the activities promoting sport and physical education on the basis of the example of Polish foundations and associations

1. Introduction

The protective role of the state was reduced during the period of economic transformations in Poland and after 1989 in favour of the subsidiarity principle, which was expressed in the social care act (2004). Social care was defined as an institution of state policy. On the other hand, the public benefit activity act (2003) implemented the obligation of cooperation between public administration authorities and non-government organisations in respect to performance of social type activities. Non-government organisations ceased to be an addition to a public institution and became a partner of public authorities in their fulfilment of the duties imposed on them (Izdebski, 2003). The legal framework of operation of non-government organisations in Poland developed during the period of system transformation constitute the implementation of the principle of subsidiarity and decentralisation.

The number of non-government organisations growing year by year demonstrates the dynamic growth of the third sector in Poland and the increasing demand for entities involved

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in broadly defined activities targeted at the welfare of the entire society. On the other hand, the large number of actively operating organisations imposes the need to constantly seek the funds to finance the performance of the statutory tasks.

The sources of financing the socially beneficial activity conducted by the public benefit organisations are a subject seldom tackled in empirical studies. The majority of analyses is conducted by statistical offices and the community of non-government organisations. The results are presented collectively for the entire sector of non-government organisations without a division into organisations operating in specific areas of socially beneficial tasks. The study was driven mainly by the desire to carry out the analysis of the sources of acquiring the funds for activity conducted in the area of supporting and promoting sport and physical education.

The purpose of the paper concerns the presentation of the possibilities of acquiring the funds by the organisations for the execution of their statutory tasks associated with the development of sport and physical education and the structure of the sources of financing this activity in practice of Polish foundations and associations. The main hypothesis of the study was subjected to verification, under which the public benefit organisations finance the sport and physical education promoting activity mainly from public funds.

The research sample adopted for the needs of the study comprises 100 entities holding the status of public benefit organisation, operating in Poland in form of foundations or associations and conducting their statutory activity in the analysed area. The empirical data originates from obligatorily prepared substantive reports from public benefit activities, which are published in the Public Information Bulletin of the National Freedom Institute. The study also analyses the legal regulations related to the system of acquiring the funds by the organisations for socially beneficial activity and the review of international literature, which tackles the issues associated with the financing of activity by organisations operating in a selected area. The studies employ the analysis of the content of substantive reports and statistical methods. The paper presents the results of the studies in graphic and descriptive form and the conclusions and synthetic summary of the findings.

2. Literature Review

Public benefit organisations in Poland are established for non-profit purposes and base their activities inter alia on volunteers and social work of the members and other persons. A public benefit activity is a socially beneficial activity carried

out by non-government organisations in the area of public tasks defined in the act on public benefit activity and volunteering (2003). The act also implements the catalogue of socially beneficial activities, whose execution fits the area of public benefit activity. One of possible tasks executed by these organisations concerns promotion and supporting of physical education. The term of physical education pursuant to article 2 section 2 of the Sport Act (2010) combines sport and physical education as well as physical rehabilitation, while sport is defined as any form of physical activity, which through temporary or organised participation contributes to develop or improve physical and mental condition, social relations or archive sport results at any level. The amendment of the sport act (2017) enhanced this definition by competition based on intellectual activity, whose objective is to achieve a sport result.

The obligation of supporting the development of physical education by public authorities results from article 68 section 5 of Poland's Constitution (1997). The responsibilities of local government authorities in this area are defined by the local government act and additionally the European Union guidelines regarding physical activity stress that it is the regions or cities that manage the majority of sport infrastructure (Mamcarczyk, 2018). Some of the responsibilities of local government units can be outsourced to non-government organisations, which is also associated with the transfer of respective financial resources for their execution. In performing the outsourced responsibilities, the non-government organisations are driven mainly by the desire to fulfil the interests of local community of non-economic nature rather than to generate a profit. This role of organisations fits the implementation of the principle of subsidiarity and is the condition of correct operation of non-government organisations in a democratic country.

Organisation, whose statutory activity matches the area of supporting and promoting physical education is organisation conducting the public benefit activity. Such entity upon meeting additional conditions may apply for the status of public benefit organisation, which gives a number of privileges to the organisation. The legislator does not impose the requirement of applying for such status and each organisation can make its own decision whether to apply for this status after two years of uninterrupted performance of public benefit activity and subject to meeting additional conditions resulting from the act (2003), associated *inter alia* with:

- performance of activity for the society at large or a separated group of entities,
- transfer of generated surplus of revenues over the costs exclusively for the performance of statutory tasks,

- having in place a statutory collective control or supervisory body, whose members meet additional statutory criteria,
- determination in the statutes or other internal act of the organisation of the prohibition on use of organisation's assets for own purposes of the members and their families in a manner as defined in detail in the act.

Having the status of a public benefit organisation provides the organisations with the possibility of exemption from corporate income tax, tax on civil law transactions, excise duty and court fees. In addition to exemption from the aforementioned taxes and levies, the aforementioned status enables the organisations inter alia to enjoy a facilitated access mass media, gives the possibility of acquiring the funds from the mechanism of 1% of personal income tax, use the services of underaged volunteers and persons in substitute military service and acquire on special conditions the right to use real estates that are owned by the State Treasury or local government units. In addition to a number of privileges, the more extensive reporting requirements have been imposed on the organisations with a status of public benefit, with the requirement to publish annual substantive report from public benefit activities being the most important reporting requirement.

The legal solutions regarding the issue of obtaining the status of public benefit organisation in Poland are comparable to similar regulations in force in other European countries (Moore, Hadzi-Minceva, Bullain, 2008). Generally, the following criteria are considered when granting public benefit status: qualifying activities for public benefit status, eligible organizations, the extent to which PBOs must be organized and operated for public benefit, target beneficiaries, and financial and governance requirements.

The entities applying in Poland for a public benefit organisation status are not prohibited from conducting business activity. This activity can be conducted however exclusively as an additional activity in relation to the public benefit activity and should be registered in the National Court Register. The organisations may not conduct business activity and chargeable public benefit activity in relation to the same subject of activity. The statutory activity associated with the performance of social benefit objectives can be carried out as non-chargeable activity, for which the organisations do not charge a remuneration or as a chargeable activity, for which the organisations charge the remuneration, however at a level allowing only to cover the costs of conducting this activity. This means that the organisations should not generate profit on chargeable activity in contrast to business activity. In case of organisations involved in physical education, many undertaken activities

fall within the scope of non-chargeable activity as no fees are charged in case of making the sport infrastructure available to the society. If the organisation charges fees for access to organised sport events or other events promoting development of physical education and these revenues allow to cover the costs of organising these events, then such activities fall within the definition of chargeable activity. The objectives of chargeable and non-chargeable public benefit activity should be defined in the statutes of the organisation or other internal act.

The social objectives of activity of public benefit organisation enforce the need to acquire the financial resources from specific sources. The applicable legal regulations provide the organisations with access to extensive catalogue of such sources encompassing public and private funds alike, resulting from the support by organisation members or the opportunity of establishing cooperation with sponsors and donors.

The cooperation between public authorities and organisations takes the form of supporting the performance of public tasks by the organisations conducting statutory activity in the given area or in the form of outsourcing the performance of public tasks to organisations. The support and outsourcing of public tasks are carried out under open tender unless separate regulations stipulate other form of outsourcing. The organisations also may file application for performance of a public task containing description of the task and estimated calculation of the costs of its performance. The support for performance of a task may have a form of a subsidy and no possibility of reimbursing the incurred costs is envisaged. The earmarked subsidies can be transferred from the state budget funds or the budgets of local government units.

One of the main methods of obtaining the funds for social activities from private sources concerns establishing cooperation by the organisation with the donors and sponsors. The tax system in force envisages a number of incentives to transfer the donations for the organisations. One of them concerns the option for both private individuals and legal entities to deduct the donation made to the organisation from the tax base up to the limits defined in tax legislation. The associations and foundations on the other hand do not pay tax on received donations. Sponsoring is defined as intentional provision by the sponsor for the other party of monies, goods or services to achieve some objectives or benefits subject to principle of reciprocity of a party receiving the benefit. In return for the support received for a given project or an activity promoting sport and physical education, the organisation most often provides the sponsor with advertising, which may concern inter alia the placement of sponsor's logo on leaflets, posters

and other materials regarding the sponsored project, enabling the sponsor to set up a promotional stand or publishing of acknowledgement notice in daily newspapers.

Upon obtaining a respective permit, the public benefit organisations may also carry out public fund raisers for religious, state, educational, health, cultural-social and social-care purposes. Pursuant to the act on carrying out public fund raisers (2014) this purpose should be worth supporting due to public interest, conform to the law and statutes of the organisation.

Membership type organisations operating in form of associations, usually use the financial support by their members by collecting membership fees. Information on the requirement of paying the fees is stipulated in the statutes of the organisation and the fees themselves are regarded as revenues of the organisation and are used for performance of statutory tasks. It should be stressed here that despite a large number of organisations using the fees, their share in the total revenues of the organisation is relatively small. The subsidies and grants from private sources are a material source of financing the activity of the organisation. Receiving the funds from these sources is related with the requirement of their settlement, i.e. detailed identification of the directions of their use.

The selected areas of activity entitle some organisations to use financial resources originating from vindictive damages, i.e. additional financial fines imposed by the court when sentencing for committing a crime or offence against life or health, environmental crime or road crime. The vindictive damages imposed by the court at present go to the Victims Assistance and Post-Penitentiary Assistance Fund and public benefit organisations which want to use the fund's resources have to participate in the competitions for their use. In case of foundations and associations operating in the physical education area the possibilities of obtaining financial resources from this source are not significant, however the funds originating from vindictive damages pursuant to article 39 of the regulation (2017) can be dedicated inter alia to medical rehabilitation, which falls within the scope of public benefit activity conducted by some organisations.

As of 2003 the personal income tax payers have the option of using a specific method of supporting the activity carried out by entities with the public benefit organisation status. They may identify in the tax return the organisation, to which the amount will be transferred equal to 1% of the calculated tax. Identification of the organisation in the tax return is not obligatory for the taxpayer. The taxpayer may also identify in the tax return a detailed objective, for which the transferred

amount should be dedicated. The amount transferred to the organisation by the head of the tax office on behalf of the taxpayer is not a donation as it is not financed from own funds of the taxpayer but is a part of the output tax.

Other sources of financing the organisations can include legacies and provisions, lotteries organised in accordance with the gambling games act, revenues from organisation's assets, financial investments and endowment capital, i.e. untouchable assets accumulated by the organisation in order to generate profit from such assets to perform statutory activity. Many organisations also use the option of financing the activity with external capital – bank credits and loans.

Restrictions in access to some sources of financing result in more and more organisations turning to business activity as well. It should be treated as auxiliary and additional activity and serve the purpose of carrying out the public benefit activity. The purpose of undertaking such activity is to generate a profit, which in turn would be dedicated to statutory tasks.

The sources of financing the activity of Polish foundations and associations are subject of analyses carried out by the Central Statistical Office and selected non-government organisations and academic community. The studies are focusing mainly on analysis of the level of sources of obtaining the revenues and the directions of their use. The issue of indirect financing and specifically the use by organisations of support provided by volunteers and of tax exemptions attracts less attention.

Regular analyses regarding non-government organisations and social activities in Poland are carried out by Klon/Jawor Association. The results of the latest study entitled "Condition of non-government organisations sector 2018" were published in February 2019. The analysed sample comprised 1300 random selected associations and foundations. The study has been conducted since 2002 and is the biggest independent analysis of public benefit organisations in Poland. The published results of the studies regarding the financial condition of non-government organisations sector (Charycka, Gumkowska, 2019) indicate that just 6% of organisations generate revenues in excess of 1 M PLN and 43% have annual budget between 10 and 100 thousand PLN. Most often observed sources of revenues include membership fees, local government funds and donations from private persons, while the highest amounts originate from the European funds, foreign public funds from outside the European Union and as result of business activity conducted by the organisations, which is declared by 11% of the organisations. The higher revenues are generated by organisations with longer history and operating in bigger cities.

The foundations, associations and other social organisations are also analysed by the Central Statistical Office. It covers all foundations, associations and social organisations with legal capacity registered in Poland, on which the article 30 section 3 of the public statistics act (1995) imposes the requirement of completing every two years the statistical form SOF-1. The last study was carried out in 2016. The assessment of financial condition of third sector entities, similar to the study conducted by Klon/Jawor association, was based mainly on analysis of the level and sources of generated revenues. The results of the study entitled "Activity of associations and similar social organisations, foundations, social religious entities and professional and economic self-governing bodies in 2016" (Główny Urząd Statystyczny, 2017) indicate that the average value of revenues amongst all organisations was 290.3 thousand PLN per year. The organisations covered by the study demonstrated significant financial differentiation both amongst individual types of organisations and inside these groups as well. A high difference between the level of the average values and medians of generated revenues was characteristic for the analysed organisations. The results of the study also indicate the continuous increase of total amount of revenues generated by all organisations operating in Poland.

Empirical studies conducted by Polish academic community concentrate on a selected sample of public benefit organisations, usually without division into the areas of conducted public benefit activity. These studies entitle to formulate the conclusions regarding the entire population of the units with the public benefit organisation status, without taking into account the specific nature of organisations involved in the selected area of public benefit activity. Inclusion in the research samples of organisations involved in charity and social assistance, generating very high revenues from public donations and 1% personal income tax mechanism may distort the conclusions regarding the financial condition of the public benefit organisations in general. The general conclusions regarding the source of financing the public benefit activity resulting from empirical studies conducted in Poland can be defined as follows (Zieniuk, 2012):

- the revenues generated by the organisations are increasing year by year despite the economy slowdown,
- the funds of market nature and subsidies from public sources dominate the revenue structure of the organisations,
- the number of organisations conducting business activity is growing, however this is not reflected in the increased revenues from this source,
- the increasingly stronger support of organisations by public administration is observed year by year,

- the high economic stratification is characteristic and constant for Polish non-government sector.

The findings of international studies indicate that the catalogue of organisation revenue sources is associated with area of activity, in which the organisations carry out the public benefit activities. Organisations providing public services use to a higher degree the donations and subsidies (Fischer, 2011). On the other hand, the organisations, which to higher degree rely on revenues generated from statutory activities are characterised by a lower level of diversification of sources of revenues (Chang, Tuckman, 1996). The studies carried out on a sample of 1080 German organisations showed that higher diversification of sources of revenues has positive impact on financial situation of organisations measured by total revenues, profits or capital expenditures. The results of the studies also demonstrated very high degree of diversification of revenues in sport organisations compared to organisations carrying out the tasks in other areas of activity (Wicker, Breuer, 2014).

Diversification of revenues of organizations is measured with the support of Herfindall's index. This index is calculated by adding the squares of proportions of each category of the revenues. The value should be deducted from 1, in order for it to be the diversification measure. The majority of international studies showed low or average level of diversification of revenue sources among the public benefit organisations (Carroll, Stater, 2008) and the differentiated degree of diversification among organisations from various areas of activity. Specifically, the sources of revenues of organisations involved in sport and physical education differ from the sources of revenues of organisations operating in other areas (Lasby, Sperling, 2007). The studies show that financing sources of organisations such as donations and subsidies are significantly associated with the financial reporting lag. A conclusion might be drawn as well, under which significant changes to accounting regulations delay the process of preparing the financial statements by public benefit organizations (Reheul, Van Caneghen, Verbruggen, 2014).

The studies regarding the structure of revenue sources are rather uncommon in the literature. They are usually focused on proving that public benefit organisations operating in the area of physical education use many different revenue sources (Winand et al., 2012). The researchers focus also on determination of success factors of organisations involved in sport (Bayle, Robinson, 2007). It was also demonstrated that the beneficiaries of the organisations' support have more successes in sport if the organisation receives higher financial support (Madella et al., 2005).

3. Research methodology

The empirical studies use the analysis of the content of substantive reports from public benefit activity, which are published obligatorily by analysed organisations in the reporting database of the Public Information Bulletin of the National Freedom Institute. The requirement of preparing a substantive report from the activity by units with the status of public benefit organisation results from the act on public benefit activity and voluntary service. The report is targeted at the public, mass media and authorities supervising the activity of organisations and in addition to data resulting from financial statements it also contains a lot of information relevant from the perspective of public benefit activity and supplements the financial statements by providing extensive information on financial management of the organisation.

The scope of information on revenues generated and costs incurred by the organisation disclosed in the substantive report is a lot more extensive as compared to profit and loss account forming a part of the financial statements. The following revenues have to be disclosed:

- from chargeable and non-chargeable public benefit activity,
- from business activity,
- from financial activity,
- from 1% of personal income tax,
- from the funds originating from public sources, including the European funds, state budget funds and the budgets of local government units and the subsidies from earmarked funds,
- from the funds originating from private sources, including the membership fees, received donations, legacies, provisions, funds originating from public fund raisers, revenues from assets, vindictive damages and cash benefits,
- from other sources.

Information on incurred costs is presented as divided into the costs of public benefit activity, separating the costs of chargeable and non-chargeable activity, the costs of business activity, administration costs, costs of information or advertising campaign associated with obtaining the funds from 1% personal income tax mechanism, costs incurred for other purposes.

Empirical studies covered all units with the public benefit organisation status operating in the area of physical education and sport promotion. As of 1 January 2019, the database of organisations contained 1060 foundations and associations operating in the selected area.

The content analysis method allowed to interpret the content of text data through systematic process of classification of identifiable subjects (Hsieh,

Shannon, p. 1278). The study employed the qualitative approach based on allocation of data and fragments of report content to various categories depending on adopted criteria.

The determination of the research sample included the calculation of the minimum sample size, which would entitle to extrapolate the results to entire population of public benefit organisations operating in the area of physical education and sport promotion. Ultimately 100 foundations and associations were included in the sample, selected on a random basis. The random selection was based on list of all organisations available on the webpage of the National Freedom Institute as of 1 January 2019. The random selection interval was set according to formula $K=N/n$, where N means the number of population elements (1068) and n is the sample size (100).

The calculation basis of the minimum sample size assumed that it will be used in estimation of the confidence intervals for structure indicators. The minimum sample size means necessary number of elements n in the sample to estimate structure indicator p at confidence level $1-\alpha$, with maximum estimation error not exceeding d . when the value of parameter p can be preliminarily estimated, the formula for minimum sample size is as follows (Zeliaś, Pawełek, Wanat, pp. 364-365):

$$n_{\min} = \frac{u_{\alpha}^2 p_0 (1 - p_0)}{d^2}$$

where:

u_{α} - quantile of normal distribution calculated for confidence level $1-\alpha$

d - maximum acceptable estimation error of percentage of response indicators

p_0 - preliminary estimation of parameter p

It was not possible in case of conducted studies to determine a priori the percentage of organisations showing a given feature for the entire population and no pilot studies were conducted either. If the range of values of estimated parameter p is unknown, then value 0.5 should be used in the formula as p_0 , i.e. the value for which product $p_0(1-p_0)$ is the highest, equal to 0.25. On this basis we receive the formula for minimum number of elements as follows:

$$n = \left[\frac{u_{\alpha}^2}{4d^2} \right] + 1,$$

where:

u_{α} - quantile of normal distribution calculated for confidence level $1-\alpha$

d - maximum acceptable estimation error for percentage of response indicators

$[x]$ - property of the number, i.e. the highest integer not higher than x

Similar to the majority of statistical studies, the confidence level $1-\alpha$ was adopted as 0.95. The values of the minimum sample size were calculated for that confidence level depending on the adopted maximum acceptable estimation error of percentage of response indicators. The sample size adopted in the studies as $n_0=100$ will be sufficient to estimate structure indicators p at confidence level 0.95 with maximum estimation error not exceeding 10%.

Verification of statistical hypotheses was carried out using structure p indicator test. Structure p indicator is a number in the range $<0;1>$, usually expressed as a percentage, informing what part of total population has a certain property. The testing covered zero hypothesis $H_0: p = p_0$ versus alternative hypothesis in the form of $H_1: p > p_0$.

The value of structure indicator from the sample has the following form:

$$\hat{p} = \frac{f}{n}$$

where

n - sample size

f - number of elements from the sample having the analysed property.

Test statistics in the case of the structure indicator test look as follows:

$$U = \frac{\hat{p} - p_0}{\sqrt{\frac{p_0(1-p_0)}{n}}}$$

The value of test probability p -value was determined for the calculated empirical value of test statistics. If p -value is smaller than the adopted relevance level α , then we reject H_0 and adopt H_1 . Otherwise there are no grounds to reject H_0 .

4. Results

The research sample comprised 100 random selected Polish foundations and associations conducting activity in the area of physical education and sport promotion and support. All entities submitted their substantive reports for 2017 by statutory deadline, i.e. by 15 July of the year following the year for which the report is submitted. The reports contained all required data and were accepted for further analyses.

Figure 1 presents the number of organisations in the research study conducting non-chargeable and chargeable public benefit activity and business activity.

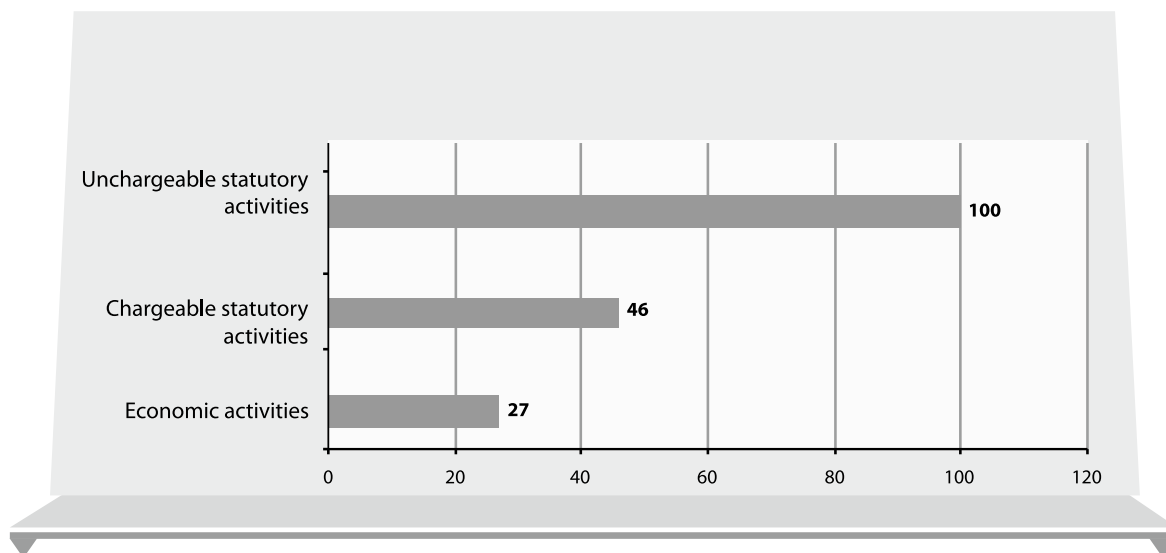


Figure 1. Number of organisations conducting individual types of activity

Source: own study

The average amount of revenues generated from all sources was 924 064 PLN. Figure 2 shows the structure of revenue sources generated by the organisations from the research sample.

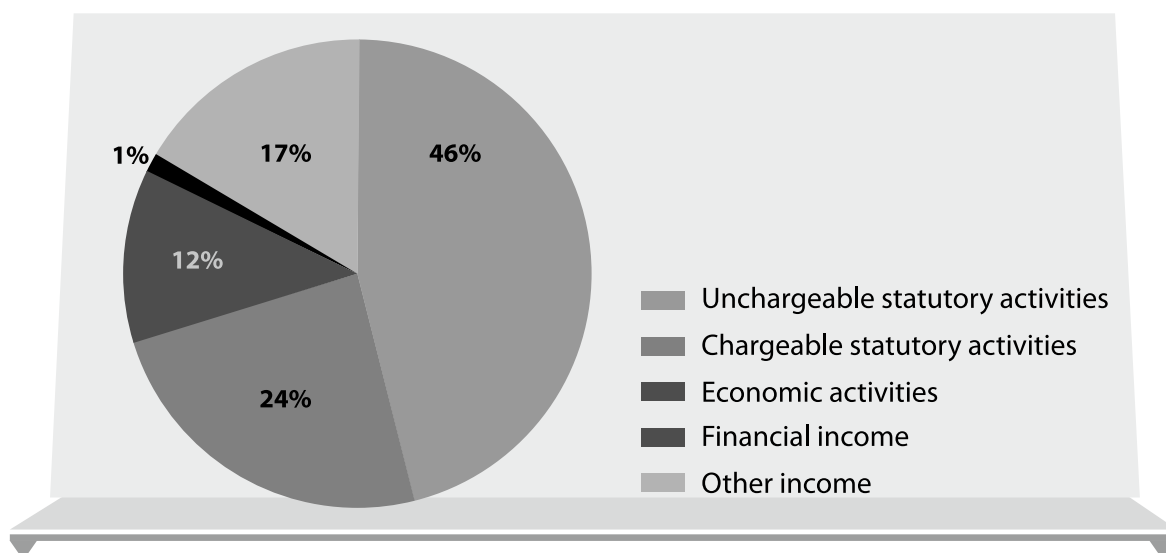


Figure 2. Structure of revenues of organisations in the research sample

Source: own study

Figure 3 shows the number of organisations in the research study generating revenues from individual public sources.

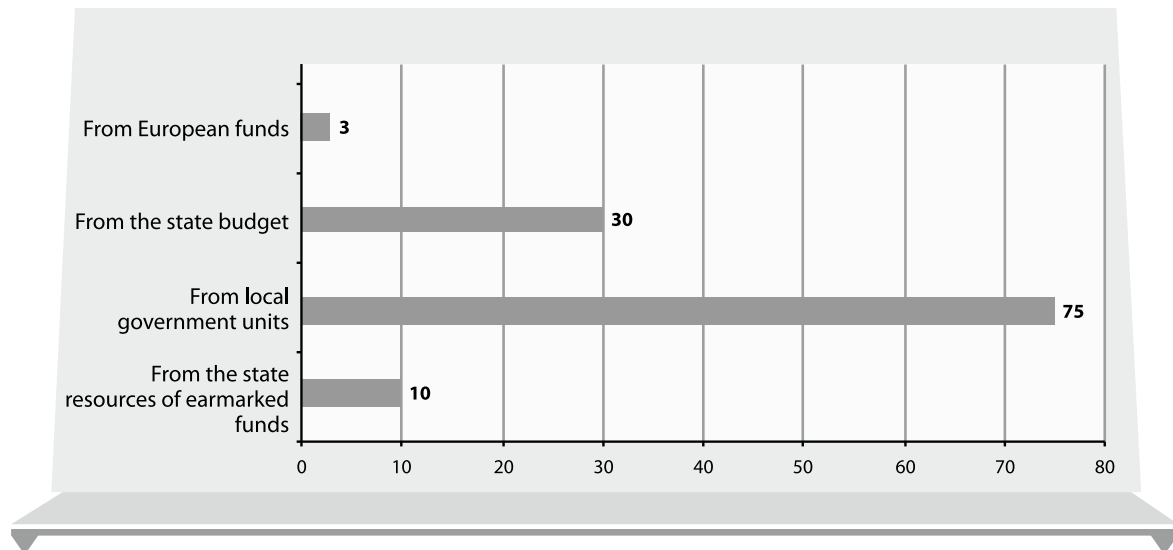


Figure 3. Number of organisations generating revenues from public sources

Source: own study

Figure 4 presents structure of revenues from public sources generated by organisations in the research sample.

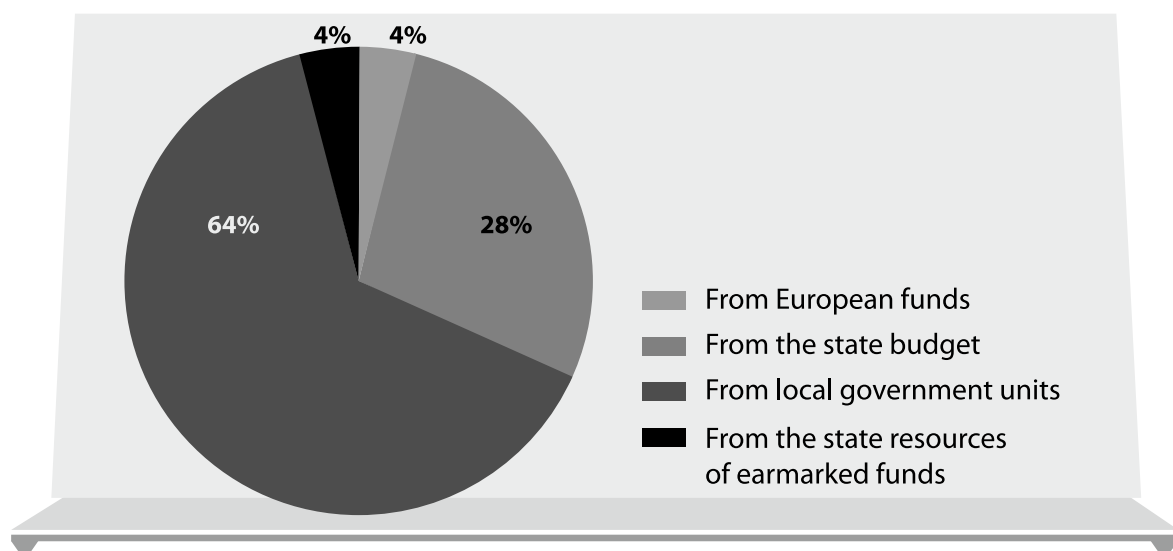


Figure 4. Structure of revenues from public sources generated by organisations in the research sample

Source: own study

Figure 5 shows the number of organisations in the research sample generating revenues from individual private sources.

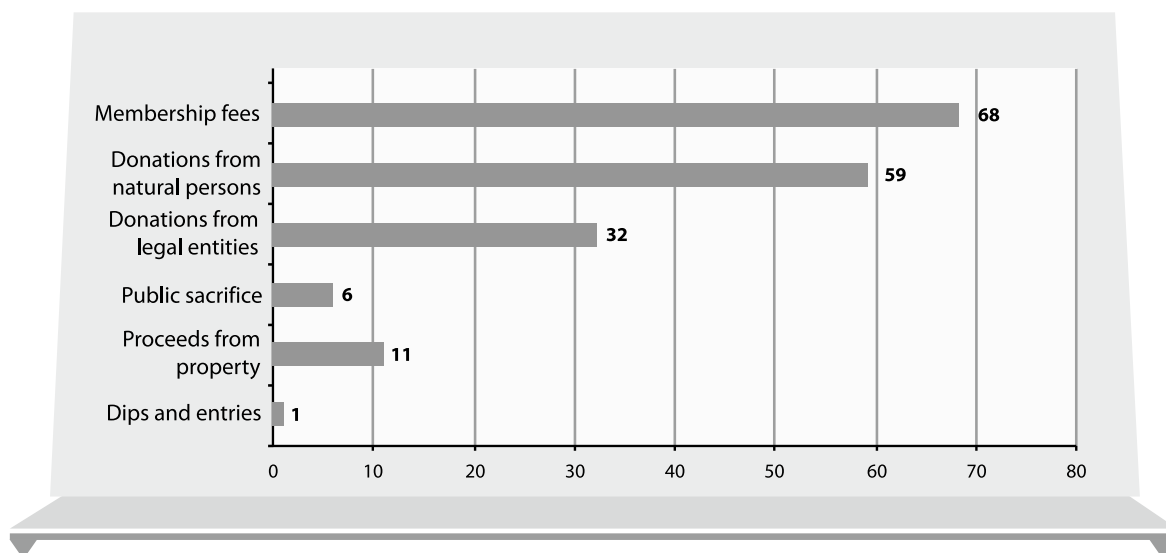


Figure 5. Number of organisations generating revenues from private sources

Source: own study

Figure 6 shows the structure of revenues from private sources generated by organisations in the research sample.

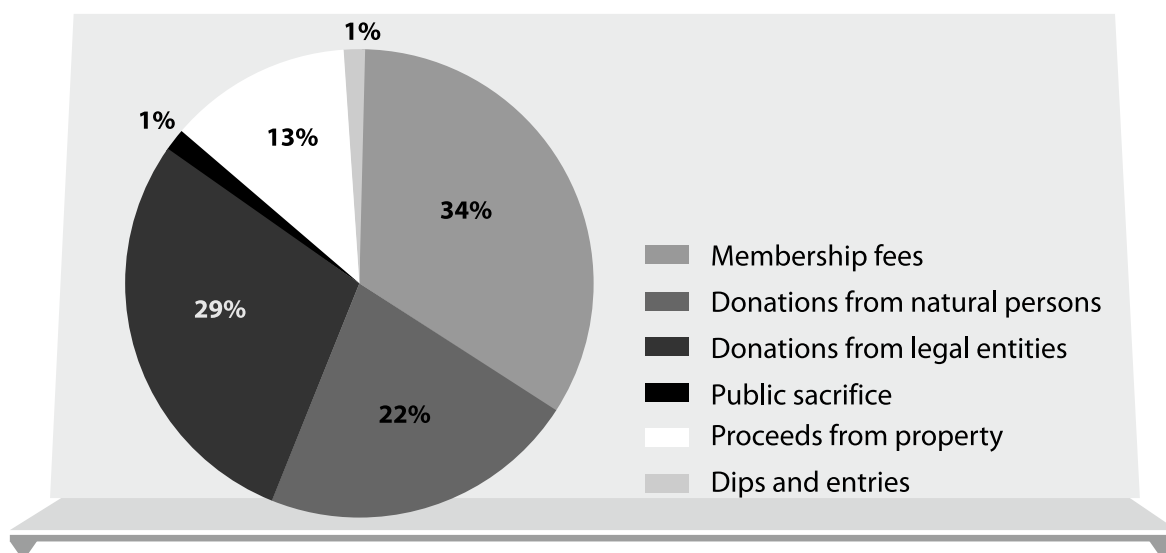


Figure 6. Structure of revenues from private sources generated by organisations in the research sample

Source: own study

Figure 7 presents the share of revenues from public funds, private funds and 1% personal income tax mechanism in the total revenues generated by the organisations in the research sample.

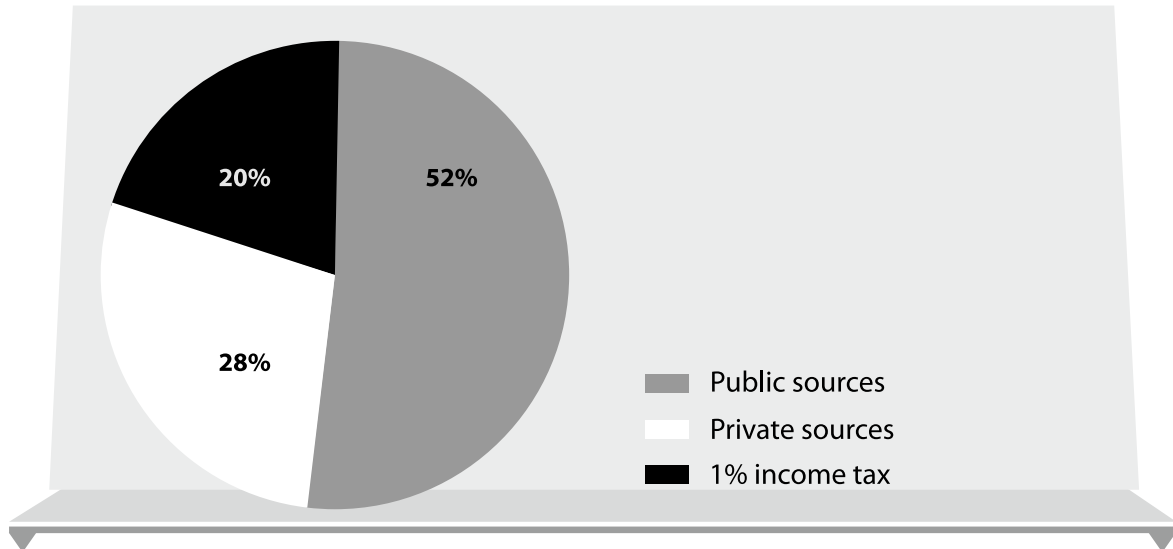


Figure 7. Share of revenues from public funds, private funds and 1% personal income tax mechanism in the total revenues generated by the organisations in the research sample

Source: own study

Number of organisations in the research sample, for which share of revenues from public sources in total amount of generated revenues falls within the determined ranges is presented in figure 8.

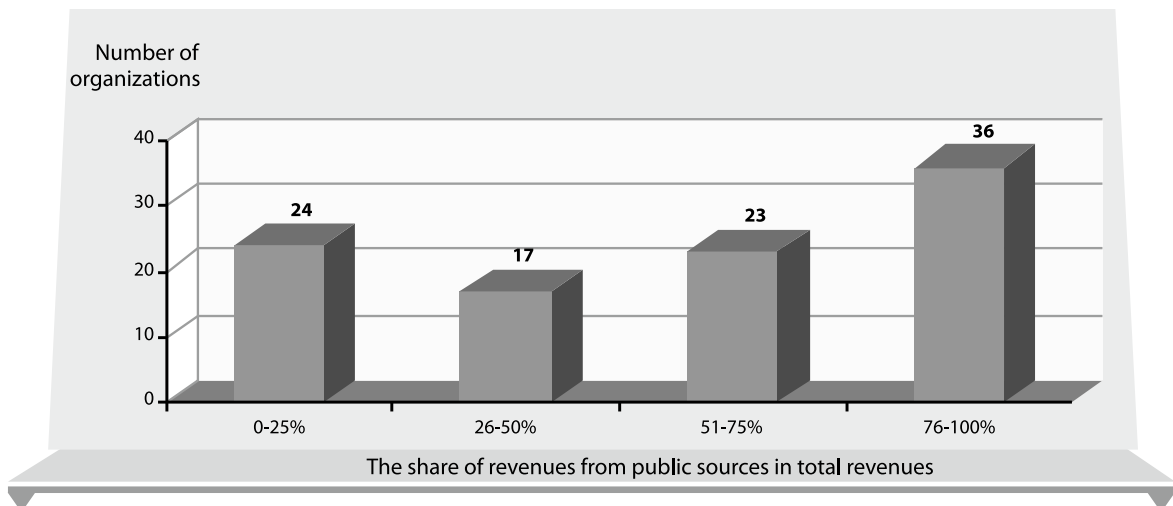


Figure 8. Share of revenues from public sources in total revenues generated by organisations in the research sample

Source: own study

The results of the study indicate that in case of the highest number of analysed organisations (36), the revenues from public sources accounted for over 75% of total generated revenues and in case of 59 organisations the revenues from public sources account for the biggest part of total generated revenues. The relevance test for structure indicator was used to confirm the statistical relevance of the result from the sample. Verification concerned in this case zero hypothesis: $H_0: p=0.5$ versus alternative hypothesis $H_1: p>0.5$, where p is a fraction of organisations in the population, for which the revenues from public sources account for the biggest part of total generated revenues.

The empirical value of test statistics is $U_{emp}=1.8$, and the corresponding test probability is $p = 0.03593$. Thus, it can be concluded that percentage of organisations in population, for which the revenues from public sources account for the biggest part of total generated revenues, is significantly higher than 50% at relevance level $\alpha=0.05$.

5. Discussions

Public benefit organisations in Poland year by year evaluate more optimistically their effectiveness (Przewłocka, 2011) and the conditions they operate in. Therefore it seems that under Polish conditions of developing economy, the non-government sector has overcome the obstacles, enforcing high level of self-organisation and increasing the competitiveness.

The random selected research sample adopted in the studies shows the properties close to population of all units having the status of public benefit organisation conducting operation in Poland. The average value of annual revenues generated in 2017 in the adopted sample was 924 064 PLN and according to the studies of all organisations for 2016 published by the National Statistical office (2017) it was 807 700 PLN. On the other hand, in the sample of organisations conducting activity in the area of physical education and sport clearly more units conduct a chargeable and/or economic activity (46%). This percentage for population of all units having the status of public benefit organisation is approx. 30%.

The results of the study demonstrated high involvement of public administration in financing of statutory activity of the organisations and relatively high number of organisations undertaking on their own the business activity. The high share of revenues from public funds gives the organisations the stability of financing sources. On the other hand, undertaking on increasingly higher scale the business activity demonstrates the drive of the organisations to achieve partial

financial independence. The share of revenues from business activity in total revenues remains however at low level (approx. 12%).

The random nature of the research sample and the adopted sample size enables the extrapolation of the results to all Polish organisations that have the public benefit organisation status and conduct activity in the area of physical education and sport. The quality of interval estimation was assessed using the relative accuracy indicator. It was assumed that if the value of relative accuracy indicator is not higher than 10% then the accuracy is satisfactory.

Apart from confirming the hypothesis, under which the public benefit organisations operating in the given area of the tasks finance their activities mainly from the public funds, the conclusions regarding the main sources of origin of public and private sources can be also adopted for the entire population. In the case of public funds, the main source of financing the organisations concerns the subsidies transferred by local government units and in case of private funds the donations originating from private individuals and legal entities.

The significance of information originating from substantive reports from public benefit activities which was used in empirical study, should be underlined as well. The scope of information presented in these reports and thus made public, significantly supplements the content of the financial statements. The section of substantive report dedicated to costs and revenues of the organisation seems particularly important from the perspective of enhancement of the content resulting from the profit and loss account of the organisations. The substantive report provides not just the amounts of the revenues, but also require to identify the information on their sources.

It should be stressed that detailed settlement of costs and revenues in substantive report should be identical to the financial statement and result from accounting records. It is however more detailed considering especially the scope of information presented in the profit and loss account of units not conducting business activity. Disclosure of detailed information regarding the organisation itself - its objectives, forms of conducted activity, performed tasks and their beneficiaries enables correct settlement with the community. Presentation of costs and revenues accompanied by more information compared to the profit and loss account and additional information makes assessment of financial management of the organisation more transparent. This is important both for the public sector ensuring appropriate control over the public funds used by the organisations and for the present or potential donors, sponsors, counterparties or members.

6. Conclusion

The financial situation of public benefit organisations operating in the area of promoting and supporting physical education and sport should be assessed positively. The results of empirical studies demonstrated high involvement of public administration in financing the statutory activity of the organisations, which ensures high stability of financing sources. The studies confirmed hypothesis, under which the activity of the organisations is financed mainly from public funds. The funds originating from the budgets of local government units have the highest share in financing the activities of the organisations, which demonstrates good cooperation with the public and non-government sector in the area of performance of social benefit tasks.

The funds originating from the donations of donors and sponsors, including both private individuals and legal entities, are the key private sources of financing the organisations. The share of funds transferred to organisations from 1% personal income tax mechanism should be assessed as high as well. The mechanism of financing the activity of organisations from 1% of the personal income tax is associated mainly with the activity of organisations in the area of charity and social support. The results of the studies confirm that public benefit organisations identified by the taxpayers in their tax returns are also involved in other areas of activity. The share of funds from this mechanism in financing the activity targeted at development of physical education at the level of 20% of total revenues should be assessed as high.

The obtained results of the studies can become the starting point for further empirical studies regarding the sources of financing of public benefit activities in other areas and for some comparisons. The sources of obtaining the funds could be analysed against the directions of their spending. The measurement of effectiveness of activities conducted by the organisations can be adopted as one of the most interesting directions of the studies. In case of activity of non-profit units, whose main objective concerns the performance of statutory tasks, the applied effectiveness measures should not be based on profit, but should rather consider *inter alia* the execution of the organisation's mission (material effectiveness), drive to maximise effects-outlays relation (economic effectiveness) or optimisation of selection and use of business resources (technical-production effectiveness).

Summary

Sources of financing the activities promoting sport and physical education on the basis of the example of Polish foundations and associations

At present 177 thousand associations and 26 thousand foundations operate in Poland, which are involved in many different areas of public benefit activities and finance their activities from various sources. The paper presents the results of own studies carried out on a sample of 100 public benefit organisations conducting activity in the area of supporting and promoting physical education and sport. The main objective of the paper concerns presentation of the possibilities of acquiring funds by the organisations to carry out the statutory tasks associated with the development of sport and physical education and the structure of sources of financing this activity in practice of Polish foundations and associations. The paper analyses legal regulations and domestic and subject literature, presenting possible financing sources of activity of Polish organisations. The empirical studies were carried out based on analysis of the content of substantive reports of public benefit organisations. The verification of statistical hypotheses was carried out using the structure indicator test. The results of the conducted studies confirm the main hypothesis, according to which the public benefit organisations finance the activity promoting sport and physical education mainly from public sources, with the funds originating from the local government budgets playing the most important role. The paper also presents the results regarding the structure of the funds originating from private sources and the mechanism of 1% of personal income tax. The paper tackles the subject seldom discussed in the literature and can play a role in the discussion on the system of financing the public benefit activities given the dynamic development of non-government organisations sector.

Keywords: *public benefit organizations, foundations, associations, sport, physical education.*

Streszczenie

Źródła finansowania działań promujących sport i wychowanie fizyczne na przykładzie polskich fundacji i stowarzyszeń

Obecnie w Polsce działalność prowadzi 117 tys. stowarzyszeń i 26 tys. fundacji zajmujących się wieloma różnymi sferami działalności pożytku publicznego, finansujących swoją działalność z różnych źródeł. W artykule zaprezentowano wyniki badań własnych przeprowadzonych na próbie 100 organizacji pożytku publicznego prowadzących działalność w obszarze wspierania i upowszechniania kultury fizycznej i sportu. Głównym celem artykułu było zaprezentowanie możliwości pozyskiwania przez organizacje środków na realizację zadań statutowych związanych z rozwojem sportu i kultury fizycznej oraz struktury źródeł finansowania tej działalności w praktyce polskich fundacji i stowarzyszeń. Dokonano analizy aktów prawnych oraz krajowej i literatury przedmiotu, prezentując możliwe źródła finansowania działalności polskich organizacji. Badania empiryczne przeprowadzono w oparciu o analizę treści sprawozdań merytorycznych organizacji pożytku publicznego. Weryfikację hipotez statystycznych przeprowadzono, stosując test dla wskaźnika struktury. Rezultaty przeprowadzonych badań potwierdzają główną hipotezę, zgodnie z którą organizacje pożytku publicznego finansują działalność upowszechniającą sport i kulturę fizyczną głównie ze źródeł publicznych, wśród których największe znaczenie mają środki pochodzące z budżetów jednostek samorządu terytorialnego. Zaprezentowane zostały także wyniki badań dotyczące struktury środków pochodzących ze źródeł prywatnych oraz mechanizmu 1% podatku dochodowego od osób fizycznych. Artykuł podejmuje temat rzadko spotykany w literaturze i może stać się głosem w dyskusji nad systemem finansowania działalności pożytku publicznego w obliczu dynamicznego rozwoju sektora organizacji pozarządowych.

Słowa

kluczowe: *organizacje pożytku publicznego, fundacje, stowarzyszenia, sport, wychowanie fizyczne.*

JEL

Classification: Z23, L30, M41

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