

anzea Revenue and Resourcing Policy and Strategy 2010-2015

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A. Purpose

The purpose of the Strategy is to ensure that **anzea** has a sound and sustainable funding base. To do so, this strategy overlaps with the membership strategy.

B. Policy

1. Funding and resourcing principles

Key principles of the financing and funding of **anzea** are as follows:

- To be sustainable, **anzea** must have a sufficient income to cover annual management, administrative and other essential expenses.
- **anzea** is registered as a Charitable Trust, with tax-free status. That means that all **anzea** income is tax-free *provided that* it is spent on the purposes set out in **anzea**'s Constitution and such expenditure is not intended to attract a profit. Detailed guidelines setting out what income generation is permissible given **anzea**'s Constitution and charitable status are set out in **Appendix xxxx**.
- It is a core value of **anzea** that the Association will be accessible and membership affordable to all. Affordability is a key factor in determining membership fees and the costs of other **anzea** services and events.
- Where possible, services and events will be at low cost to members, or by koha.
- Funding for **anzea** projects will be sought from external sources.
- **anzea** office holders (Board members; Branch and Conference Committees) are not paid for their Board and Branch Committee work; however they may receive a koha as approved from time to time by the Board (e.g. free attendance at paying **anzea** events).

- All sources of income shall be examined by the Board to ensure that they derive from ethical sources consistent with **anzea**'s objects.
- Volunteering by **anzea** members will be encouraged and actively targeted for **anzea** projects.

2. Branch funding and resourcing

anzea Branches are expected to become financially self-supporting within two years of establishment, through income from Branch events (nonetheless taking into account that this may be difficult for small Branches). Two-thirds of the subscriptions of members in any given Branch may be paid to that Branch on application for the first two years of the Branch's existence, and thereafter one third annually up to \$1,000 per annum. To enhance **anzea** income, Branches are expected to (1) undertake an annual membership drive and (2) derive Branch income from local events and activities at a reasonable charge to members and others. Each Branch will make an annual financial report at 31 March, at which time any funds in Branch accounts in excess of \$3,000 will be transferred to the national account unless they have been allocated to a specific future Branch project.

3. Financial management and budgeting

There are three main categories to the **anzea** budget, as set out in each annual budget:

- **anzea** management – the main items are:
 - ✧ Manager pay
 - ✧ Other management and administration costs (e.g. auditor fees; phone and internet; bank fees)
 - ✧ Board meetings and other essential governance expenses (e.g. governance training for new Board members; strategic planning)
 - ✧ Taumata expenditure
 - ✧ Website management and maintenance
- Annual Conference start-up funding (recoverable)
- Funding for special projects.

Outside of management and administration costs and governance expenses, the main areas of expenditure to date have been portfolio projects, in particular:

- PPD – competencies project
- Website development
- Māori and Pacific evaluation development projects
- Branch start-up funding and Branch support

The reality is that future projects (excluding conferences) will only be able to go ahead *after* we have secured external funds.

4. Sources of income – current experience and future potential

Sources

anzea's primary sources of income to date have been (in this order of value):

Source	Comments
Conference fees and	The annual anzea Conference is a main vehicle for funding

Source	Comments
sponsorships; Conference income in excess of costs supplements annual administration costs	other Association activities by attracting sponsorship and new members. Sponsorship is becoming harder to obtain in the current economy 'Budget fees' result in lower Conference surpluses
Membership fees and donations	Membership strategy needs to ensure anzea membership increases over time – or at least does not trend downward Opportunity to consider donation options as part of annual membership process and through anzea website
Branch donations to anzea national	Unlikely to continue?

Fund-raising activity

Additional revenue has been sought or accessed to date primarily through the following:

Activity	Comments
anzea membership promotion – through an annual national membership drive, Branch membership drives (e.g. at local events) and anzea website	Membership strategy needs to ensure membership drives are high priority and are targeted rather than ad hoc Membership strategy needs to consider the overall offering and value proposition to anzea members – e.g., are there additional services that could be offered that would widen our appeal to members? (see Appendix 2) Membership strategy should include targeting past members; non-members on anzea 's evaluation community group email list Opportunity to consider more tactical approaches – e.g., review member organisation coverage to target under-represented agencies/sectors; corporate membership options; pricing strategies such as joint anzea /AES memberships; loyalty programme
anzea Conferences – Conferences are expected to draw sponsorship and cover costs	Excellent sponsorship outcomes High level of surplus, especially pre-recession Conference promotion strategy may benefit from review, to build on learnings to date Opportunities for more membership drives at Branch and regional level
Contractual work for external agencies (e.g. government)	This funding is on a cost-recovery basis, including an amount to cover the administrative or other costs to anzea of any contract work undertaken by the Association (e.g. Conference scholarships; contract projects). It supports projects, but not infrastructure costs. As a charitable organisation, anzea cannot make a profit from these activities.
Project-specific funding	This is an under-utilised and potentially significant funding source. Sponsorship is a key strategy for funding anzea

Activity	Comments
	<p>developments and projects; anzea must look for innovative ways it can add value for sponsors that will be mutually beneficial to both organisations.</p> <p>We are currently exploring the potential to source specific funding for the Professional Practice Development project. There may also be potential to target funding for other projects that align with the objectives of external funding sources. A more strategic and targeted approach is needed to identify appropriate funding sources and apply to these for specific projects.</p>
‘General’ sponsorship	Less effective: funding is more likely to be obtained for specific projects clearly aligned with funding organisations’ own strategic objectives

5. Other potential income sources

In line with providing affordable membership and services, **anzea** accesses unpaid support wherever possible. Volunteering is promoted within **anzea** and facilitated by word of mouth and the website. There is significant untapped opportunity for shoulder-tapping and otherwise garnering voluntary support from members and possibly others.

There are opportunities to take a more strategic and systematic approach to volunteering. For example:

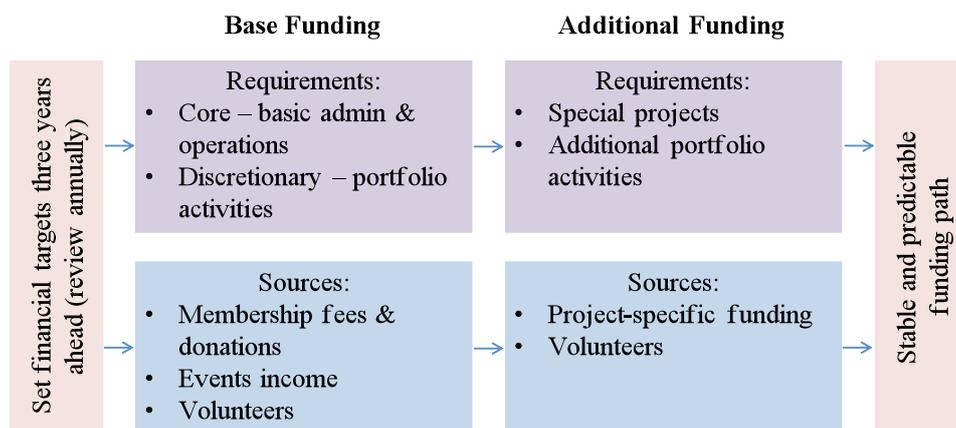
- A ‘Sunday morning’ strategy whereby the membership joining/renewal process includes an undertaking that every member donate four hours (i.e., the equivalent of one Sunday morning per year) to an **anzea** project or portfolio – including tick boxes on membership forms and on the website, for members to nominate which project/s and/or portfolios they are most interested in and their key skill sets
- A regularly maintained database to enable project leaders and portfolio holders to identify their volunteer base and shoulder-tap appropriate people based on their skill sets, region etc

anzea has also been successful in securing in-kind donations such as free venues, use of laptops, etc to assist in running conferences and symposia cost-effectively. **anzea** policy needs to support this occurring as a core part of our approach to resourcing.

Various opportunities have been identified for revenue generating activities involving **anzea** members using their expertise/labour to earn fees for **anzea** through the provision of mentoring, professional development or other services. Unfortunately, **anzea**’s charitable status precludes many of these activities from contributing to our resource base.

6. Budgeting and revenue planning

The budgeting and revenue planning strategy is summarised in the following diagram:



The budgeting strategy identifies the following types of funding requirements for **anzea**:

1. **Base funding** – the total level of annual funding that should be targeted on an ongoing basis, which includes:
 - a) Core funding – the minimum level of subsistence funding required to sustain **anzea**'s core operations
 - b) Discretionary funding – additional targeted funds for the Board to allocate to portfolio activities that have a high priority but can only proceed if sufficient funds are available
2. **Additional funding** – i.e.,
 - c) Funding for special projects and additional portfolio activities, for which specific funds must be sought and secured before these projects are able to proceed.

From the analysis presented in Sections 4 and 5, the following revenue sources are considered to have a high priority, and are therefore the focus of the 2010-2011 action plan presented in **Appendix 2**:

1. **Base funding**:
 - a) Membership fees and donations
 - b) Events income
 - c) Volunteer input and in-kind donations
2. **Additional funding**:
 - d) Project-specific funding
 - e) Volunteer input and in-kind donations

To help the Board to take a longer-term view of funding and resourcing, and to facilitate continuity as part of Board succession, it is proposed that the Treasurer prepare three-yearly forecasts including expenditures and revenue targets under each of the categories above, which would be reviewed annually as part of the Budget setting process.

C. Table of interim policy amendments

Date approved	Section	Amended policy statement
24 Jan 2011	App 1	Anzea income generation guidelines

Appendix 1: anzea income-generating activities

The following guidelines were developed after consulting accounting and legal professionals. The legal position in relation to **anzea** undertaking activities that generate income, taking into account the **anzea** Constitution and laws relating to charitable entities and the general tax laws of NZ, is as follows:

- All **anzea** activities, whether they generate income or not, must be for the charitable purposes of **anzea**, as set out in the **anzea** Constitution (clause 4).
- As a charitable organisation with tax exempt status, **anzea** will not be taxed on income generated in accordance with its Constitution and the general tax laws of NZ.
- **anzea** had to go to great lengths to achieve tax exempt status, and it is crucial that nothing occurs to endanger that status.
- Clause 9.2 of our constitution prevents **anzea** from undertaking any activity “for the express purpose of making a profit”; however it is permissible to make a surplus on activities for which people (whether members or not) pay, as long as the funds are then used solely for **anzea**'s admin or its charitable purposes (clause 4 of the Constitution).
- **anzea** can undertake activities that earn the association money provided that they are not in the nature of a business (clause 5.7); what is in the nature of a business is a matter of fact and degree in each case, and any proposals for generating income must be considered and determined by the Board on a case by case basis.
- In addition to the limitations set out in **anzea**'s Constitution, there are restrictions contained in the Tax Act which must be strictly observed if **anzea**'s revenue exemption status is to be retained. This is a matter of the organisation self-policing its activities to ensure there is compliance. In this regard it is crucial that no member/officer of **anzea** make any personal profit or derive any personal benefit from the activities.
- Activities in the nature of a business could include activities that are run regularly (clause 5.7; e.g. running the same education course annually, as a university would do). Running an annual conference for members and others is *not* considered a business, because it is consistent with **anzea**'s purposes and also accepted as usual for a professional association. Neither is offering advertising opportunities that are entirely in line with the objects of the Association (e.g. to advance the profession).
- Running professional development courses to generate supplementary income will be permissible provided that they (1) are consistent with **anzea**'s charitable purposes *and* (2) are not in the nature of a business. Such activities might be deemed to be in the nature of a business if they (1) were run regularly, and/or (2) in conjunction with a profit-making organisation, and/or (3) became a major part of **anzea**'s income-generation, and/or (4) resulted in profits greater than **anzea** was able to spend on activities consistent with its charitable purposes within a reasonable period (that is, if **anzea** started to accumulate a significant investment balance over a sustained period).
- It is the responsibility of the Board to monitor what is in the nature of a business on a case by case basis.

Appendix 2: Draft Funding and Resourcing Action Plan 2010-2011

The following priority actions have been identified to implement the Funding and Resourcing Strategy in 2010/11.

Priority areas	Activity	Responsibility
Budget setting	Prepare three-yearly forecasts, and review these annually as part of the Budget setting process, to help the Board to take a longer-term view of funding and resourcing, and to facilitate continuity as part of Board succession	Treasurer
Membership fees and donations	Review fee level every two years in line with anzea policy, to ensure the level of fees is affordable for members <i>and anzea</i>	Treasurer and membership portfolios
Membership fees and donations	Identify donation options and build these into anzea membership processes (e.g., option to donate additional funds to specific projects as part of the membership renewal process and through website; bequest options; annual fundraisers)	Treasurer and membership portfolios
Membership fees and donations	Develop a targeted approach to membership drives and ensure these are high priority at national and branch levels – including: <ul style="list-style-type: none"> • Review member organisation coverage to target under-represented agencies/sectors • Target past members who have not renewed • Target non-members on anzea's evaluation community group email list • Integrating membership drives into conferences and branch events 	Membership portfolio in collaboration with Wellington Branch Committee
Membership fees and donations	Review the overall offering and value proposition to anzea members – e.g., are there additional services that could be offered that would widen our membership base?	Membership portfolio
Membership fees and donations	Include 'unwaged' and 'below minimum wage' in the discount membership options currently available to students	Membership portfolio
Membership fees and donations	Develop pricing options aimed at expanding our membership – e.g., corporate membership options, pricing strategies such as joint anzea /AES memberships; loyalty programme with benefits for long-term members	Membership portfolio
Conference and general sponsorship; &	Stocktake of potential funding organisations and their alignment to anzea conferences, administration, portfolios, and special projects; their application processes and a calendar of key application/decision dates	Pam to prepare brief; Treasurer to commission stocktake

Priority areas	Activity	Responsibility
Project-specific funding		
Conference income	Revise Conference sponsorship procedures to ensure future sponsorship-seeking efforts build on learnings to date	Pam
Volunteer input and in-kind donations	Develop a specific volunteering strategy (including data collection on potential participation as part of member joining/ renewal process) Volunteer database (including expertise and in-kind resources)	Membership portfolio
Managing regional income	Branch finances will be reviewed quarterly by the Treasurer and any funds in Branch accounts in excess of \$3,000 will be transferred to the national account and the relevant Branch/es notified. The rationale for this change is to ensure surpluses from regional events are transferred to the national account in a timely manner.	Branch development portfolio – Pam to action
Board meeting travel costs	To ensure budget travel options are used, Board members must book travel to Board meetings within one calendar month of the dates being determined. After one month the anzea Administrator will book travel for any members who have not yet booked and do intend to attend the meeting/s. Any round trip travel costs in excess of \$300 require prior approval from the Treasurer or Administrator prior to committing funds.	Finances policy – Julian to action
Member services	Canvas knowledge management services that anzea could/should offer its members. For example, a searchable database of Aotearoa-specific evaluation articles and resources, a Listserv, or inter-organisation relationships/memberships/weblinks providing better access to existing databases/listservs?	Communications and membership portfolios