

Exploration and prospect of financial management of systematic public foundation

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Abstract: Based on the review and research of Yunnan Welfare Foundation for the Disabled, this paper reveals the current financial difficulties faced by systematic public fundraising foundations from the aspects of organizational form, lack of charity concept in the whole society, low disposable income of the public, inadequate popularization of preferential tax policies, and lack of relevant talents, and puts forward suggestions on building a high-quality talent team and changing the fundraising method.

Keywords: systematic public fundraising foundations; Financial management; Fundraising environment

I. Definition of a systematic public offering foundation

In 2004, The State Council promulgated the Regulations on the Administration of Foundations, which for the first time clearly divided Chinese foundations into two categories: public foundations and private foundations. The difference between the two lies in the source of funds: public foundations can raise funds from the public; Funds of private foundations are derived from donations from specific individuals or organizations, and may not solicit funds from the public. Among them, the so-called “systematic public offering foundation” refers to the national foundation established by the central ministries, committees, and offices as the competent units, and registered with the civil affairs departments at all levels, including the foundation with the corresponding name established by the subordinate provinces, cities (some districts, counties). The competent units of foundations at all levels are the corresponding government departments at all levels, and at the same time, they accept the business guidance of higher-level foundations. The China Welfare Foundation for Persons with Disabilities and its affiliated provincial and municipal welfare foundations for persons with disabilities are collectively referred to as “systematic public foundations” for persons with disabilities in China.

II. Development and history review of Yunnan Welfare Foundation for the Disabled

The vast majority of public offering foundations are systematic foundations with a public welfare or charitable nature. The government has strict registration requirements for such foundations. Over the past 30 years, the Yunnan Provincial Welfare Fund for the Disabled, as a public foundation, has experienced the following experiences.

(1) In 1986, in order to raise funds and arrange the employment of the disabled, Yunnan Provincial Welfare Foundation for the Disabled raised funds to establish Yunnan Kanghua Industrial Company, which achieved good economic and social benefits in the first few years. Later, the company’s personnel quality is low, the enterprise burden is too heavy, the operation of low-end projects and other problems were exposed, and gradually eliminated by the market, resulting in the closure of Yunnan Kanghua Industrial Company.

(2) In 1989, with the donation of the British “International Loner Cheshire Foundation”, the country’s first “China Kunming Cheshire House” was established in Kunming, which enrolling disabled people for rehabilitation and employment training in stages throughout the province, and is still in normal operation.

(3) In 1995, through a reciprocal donation cooperation with Taipei Cao Foundation, 653 wheelchairs were collected for the physically disabled in our province. In 1996, an earthquake occurred in Lijiang area of our province, and 200 wheelchairs were donated to the disaster area again. In 2001, 2,176 wheelchairs were donated; In 2002, the partnership continued with the donation of 2,200 wheelchairs.

(4) Since 1997, Hong Kong Bijiashan Lions Club, as the counterpart partner of our province, has completed 94,467 cataract surgery cases in the province through the implementation of the first phase of the project (as of December 2001).

(5) In 2005, it cooperated with Save the Children to train special education teachers for disabled children. In cooperation with the American Charity for Poverty Alleviation Organization, training courses for rehabilitators of disabled persons in grassroots communities have been held in Yunnan Province to train medical personnel for the prevention, treatment and rehabilitation of mental illness and leprosy in rural communities.

All short-term or one-time projects have been completed well, and all long-term financing projects have not achieved the expected results; There are many cooperative projects with foreign charitable organizations, and more donations have been made, which has been completed very well. However, donations from China are very small, and there are almost no cooperative projects. For more than 30 years, the Yunnan Welfare Foundation for the Disabled had no assets that could be used to preserve and increase value.

III. Difficulties in the development of systematic public foundations

1. Systemic public foundations below the provincial level are facing an unprecedented crisis

In recent years, many uncertain factors have occurred in the domestic and foreign environment, such as the impact of the Sino-US trade war, the impact of the global epidemic, the impact of the domestic economic downturn... As a result, systemic public foundations at the provincial level and below have encountered an unprecedented crisis. Take Yunnan Welfare Foundation for the Disabled as an example. First of all, with the strengthening of the budget management of the state finance in recent years, although the foundation is in fact only

an office under the competent departments at all levels, the foundation is a social organization with legal personality registered in the civil affairs department, and the required personnel and office funds can not be included in the financial budget. Moreover, due to the impact of the epidemic, the number of foreign cooperative donation projects is decreasing, and there is no fundraising environment for public welfare charities in China, resulting in an unprecedented crisis in the work of the foundation.

2. The impact of the domestic fundraising environment

It can be seen from the main work of the Yunnan Welfare Foundation for the Disabled in the past 30 years, that there are many cooperative projects with foreign charitable organizations, and more donations have been made, which has been accomplished very well. However, donations from the country are very small, and domestic cooperation projects are almost non-existent. The reasons for this situation, in addition to the above “semi-official and semi-civilian” organizational form restrictions, there are some influencing factors as follows.

(1) Low disposable income of the public

Driven by strong economic growth, although a considerable part of the population has entered the high-income class, and there are as many as 400 million middle-income groups, we must not ignore the fact that China’s distribution structure is still dominated by middle and low-income groups, and a considerable part of the population is still hovering near the survival line. According to the survey, 75.6% of the group with a monthly income of less than 1090 yuan comes from the countryside, which is much higher than the proportion of other income groups, which shows that the vast majority of low-income groups are still distributed in rural areas, and the urban-rural division is still one of the biggest problems with Chinese characteristics. Despite China’s rapid economic growth, some residents do not have enough sense of gain. The income distribution of Chinese residents is still a spindle shaped structure dominated by middle-low income community, and the distribution curve shows a very obvious right-sided distribution, so the income gap is obviously large, and it is easy to appear obvious phenomenon of “being equalized”.

(2) The popularization of preferential tax policies is not in place

The vast majority of donors do not enjoy tax incentives. The three main reasons why donors do not enjoy tax incentives are “they do not know the tax exemption policy”, “they do not understand the specific tax exemption application procedure, or they think that the tax exemption application procedure is too complicated.” And “voluntarily waiving the right to tax benefits out of pure altruism.” There is an urgent need to improve the policy, organization and communication environment of public donations in China. Under the assumption that the income conditions of non-donors remain unchanged, improving the donation environment, enhancing the credibility of charitable organizations and the transparency and credibility of relevant information, widely publicizing preferential tax policies and simplifying preferential procedures, and strengthening advocacy should be effective ways to increase the level of public donations.

IV. Suggestions on the transformation of the organizational mode of systematic public fundraising foundations

From the perspective of management mode, “one set of teams, two brands” restricts the development of the foundation. The management of public welfare undertakings and foundations requires systematic operation, such as hiring professional public welfare managers to manage foundations. The cause of persons with disabilities is an eternal cause that develops with the continuous progress of social civilization. To achieve sustainable development of the cause of persons with disabilities, continuous support of funds and resources is required, which determines that the Welfare Foundation for Persons with Disabilities, as a public fundraising organization, must coexist with the cause of persons with disabilities for a long time, throughout the entire life cycle of the foundation. Therefore, it is necessary to create conditions to build the welfare Foundation for the disabled into a real social organization with legal personality, and make it have sustainable fund-raising capacity.

The planning, operation and management of charitable organizations and charitable activities is also a systematic project, which must be supported by a professional talent team. However, at present, there is a lack of senior professional managers in the charity field. Driven by value orientation and economic interests, most people are unwilling to engage in the research and management of charity, resulting in the lack of professional talents in charity. Qiu Zhonghui, Vice chairman and Secretary general of Amity Foundation, said: “Specialization is to emphasize that public welfare is not a simple act of charity, but to pay attention to the dissemination of public welfare concepts and the application of professional knowledge. Professionalization is to affirm that public welfare needs to have industry management and a team of specialized talents. The innovation of public welfare also needs to promote the development of social organizations; Create a fair and orderly environment for development; Freeing up more space for social services; Step up the formulation of preferential policies; Continuously increase financial support; Build platforms for the development of social organizations. The degree of specialization of capital operation personnel is very important to improve the level of operation income. Foundations should hire professionals from financial institutions such as investment banks and fund companies to assist them in formulating investment strategies and objectives that are in line with their own characteristics and market development. “

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