**Guidelines ‘setting up a local XRFinance circle’**

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**General information:**

*Why would you set up a local XRFinance Circle?*

Setting up a local XRFinance circle has many advantages, both for the local group itself as well as XR as a whole. Some of these are as follows:

* It provides local XR groups with the possibility to manage their own funds which cuts down on cumbersome bureaucracy as well as give them more autonomy compared to their finances being managed by XRNetherlands circle.
* It allows them to raise their own funds from possible local funders which are not likely to fund XRNetherlands in general, but are willing to support local groups who address the ecological crisis on a local level.
* Any international rounds of funding for XR, such as those organised by the IST, are more easily applied for if a clearly structured local Finance circle is in place than when this has to be done from scratch.
* It is easier for both the local as well as the national group if a strong local finance group is in place with one person or a small circle who is responsible for all the finances. More people in finance leads to more funding requests, more donations, more liquid assets and thus more and better actions being made possible. Strong local finance circles thus leads to equal more punching power for XR as a whole

However, there are a few disadvantages as well. One can think of the following:

* Administrating finances can be a cumbersome process at times, and someone on the local level is also responsible for this.
* With financial administration and fundraising comes financial responsibility and more people become , officially or informally, responsible for the finances of their XR group.

This document is set up in order to limit those disadvantages to the maximum extent possible and lead everything in good order in order to achieve the goals set out above.

*Who is eligible to set up a local XRFinance circle?*

In practice, any local group is eligible to set up a local XRFinance circle, but we, as the XRNetherlands Finance circle, recommend everyone to postpone this to the moment when a working local group is in place with multiple functioning circles. While circles as O&T, PSC and M&C are essential to any XR group, finance has a more supporting role. The goal of any finance circle is to smoothen the aforementioned and other circles and supply them with the liquid assets they need. Especially in the early days new groups can encounter a large plethora of problems, and it helps to not be encumbered by finances at that point.

The groups that are functioning well but want an easier and quicker method of getting their costs reimbursed, thus leading to more punching power on a local and thus national level, are advised to set up a local XRFinance circle. This provides them with the advantages listed above, which will, as such, not be repeated here.

*How do you set up a local XRFinance circle*

In general, there are five different types of local finance circles. From the most basic one to the most advanced, these are ‘no local finance circle’, ‘local finance representative’, ‘local finance circle’ and ‘non-autonomous local foundation’ and ‘autonomous local foundation’. These will be discussed here one by one.

**Different levels of local finance circles**

***No local finance circle***

While the lack of a local finance circle would logically be excluded from any list listing the different forms of local finance circles, for completeness this one is listed here as well. If no local finance circle is in place, there is also no local finance representative, and any costs that need to be reimbursed are done directly to XRNetherlands finance. In order to do so, a budget request has to be filled out *before* the event happens, and a reimbursement form has to be filled out *after* the costs for this event has been made and send with invoices to the XRNetherlans Finance circle. How this works and which expenses will be covered by the XRNetherlands finance circle is set out in the documents in the following folder: <insert link to folder which is currently offline>

***Local finance representative***

Having a local finance responsible person, in most cases also the local finance representative, is the first step towards having a fully functioning autonomous local finance circle. Having a local finance representative is the first step from having decentralised budget requests and reimbursements from all different circles in the local XR group to having one person collecting them and sending them in bulk to the finance circle of XRNetherlands. The advantage of this is that both the local chapter and XRNetherlands have a clear person whom to contact, which makes it easier to communicate.

Furthermore, this local finance responsible person knows, at least after some time has passed, clearly what types of costs can be reimbursed under which circumstances, thus making meetings on a local level more effective. This person can best be regarded as a useful stop along the line of getting certain expenses reimbursed with no actual legal responsibilities. In practice, the finance circle of XRNetherlands is still responsible for the finances of the local group, but there is now a clear contact person as well as a first step towards a fully functioning autonomous local finance circle. The reimbursement method and which expenses will be covered can be found in the following folder: <insert link to folder which is currently offline>

While this level of a local financial circle does not provide the local group with a lot of extra advantages, this level allows them to quickly scale up to the next level if they open a bank account. This is important if, for example, the IST or a local or regional funding round opens up and you only have a few days to write a proposal and the like. One can regard this as the ‘waiting room’, just before getting to the next level, namely the *local finance circle*.

***Local finance circle***

*A bank account*

The third step along the line is when the responsible person, mentioned in the previous paragraph, becomes the one directly responsible for at least some of the money requested and spend by a local group. For this, a separate bank account is needed, preferably in the name of the representative of the local finance circle, who takes care of these finances. This has to be done on a personal name, and we recommend using a new BUNQ account opened specifically for this reason. Another possibility is to open an ASN spaarrekening, which is free for those managing their own personal finances for ASN, or having a separate ‘huishoudboek’ for anyone managing their own personal finances via ING. <Insert more options for banks of which I don’t know the ins and outs>

*Administration*

While having a bank account specifically for a local circle gives the local group more autonomy and quickens any budget requests made, the local finance representative has to keep track of all the expenses and incomes via a financial administration. We recommend to use: <https://docs.google.com/spreadsheets/d/1Pilm9pFgT1tHqDCs-9mUN0v71baHEgUPHDEwvjuzKbI/edit#gid=0> In order to check the financial administration, we highly recommend all groups to have a small audit committee in place as well, who will check all the expenses made by the representative and have a regularly planned meeting to discuss the financial situation of the local group.

When a local finance circle keeps track of finances, it is important to keep track of different ‘budgets’. This means that, for example, the IST Fund from January 2020 can only be used for Regen and building the movement, but not for actions. Any money transferred from the IST to the local finance circle has to be spend on either Regen or Growing the movement. It is very important that it is easy to see on the financial administration, so you can report on what has happened with which fund.

On a local level, whenever costs are made and are to be reimbursed, a clear expense policy and budget request/reimbursement forms are to be used, in order to ensure all are treated equally. XRNetherlands recommends everyone to use the forms and expense policy which are used on a national level as well <insert cloud folder which is currently offline>, edited with the correct name of representatives etc. However, the local groups are free to deviate from these as they see fit. If the local expense policy does not lineate with the national expense policy due to it having been changed, this can result in XRNetherlands not being able to fund some local actions since these do not align with their expense policy.

*Requesting funds*

The local finance representative can issue bulk-budget requests to XRNetherlands Finance. This means that one can request a budget for several months on an end for costs which are predictable, such as flyers, banners, posters, paint, etc. The vast amount of budget requests send to XRNetherlands are for these, and it is easier to request them all at once than one at a time. After the period for which funds were requested is over, or if the requested budget has already been met due to good reasons (e.g. more actions than expected), the local finance representative has to contact the XRNetherlands Finance facilitator and representative, and a clear financial administration has to be provided detailing what amount is spend on which product. This is similar to the budget request/reimbursement structure in place for one-off expenses, but on a larger scale.

Next to submitting bulk-budget requests to XRNetherlands Finance, it is free to the local circle to apply for funds themselves from other groups. One can think of, for example, the IST funding rounds, but also local affluent groups that might want to support XR on a local level. While the local biological vegan restaurant might not want to finance XRNetherlands because they don’t see how this might benefit their immediate environment, they might want to donate to the local group because they are visible there and then. The same goes for local fundraisers, donations by individuals, etc. A local finance circle can try to raise money in a large number of ways. This money can then be used on local actions (but keep in mind that one always has to follow their own expense policies and, in certain instances, limits set and promises made during the fundraising).

Any one-time expenses which cannot be reimbursed by money raised by the local group itself and are not predictable expenses, such as bigger assets or materials requested for a Rebel Without Border week, are to be requested via the normal Budget Request forms to XRNetherlands. This is similar to the process as set out in the previous paragraphs.

***Non-autonomous local foundation***

The major problem with the previous phase is that the bankaccount is on the name of a private person. That is a big responsibility but also makes it more difficult to raise money, since companies and individuals alike might find it problematic to donate money to a private person instead of a foundation. This can be solved by setting up a foundation. In addition three people must be willing to take responsibility and fulfil the role of chairman, secretary and treasurer. This means they are jointly responsible for the finances. The foundation can also request the ANBI designation, which makes it tax-interesting for companies to donate. It also entails additional obligations such as the publication of annual reports.

Setting up a foundation, e.g. Stichting Vrienden van XRDen Haag of XRGroningen, goes through the notary and costs around 400 euro’s. The great advantage is that more money can be collected by crowdfunding and from companies. It is of course still possible to request money from XRNetherlands or IST. In that case it is an application from one foundation to the other instead of from a private person to a foundation.

It is emphasized that setting up and managing a foundation and starting fundraising and possibly an own website costs a lot of work, time and money. Only properly functioning local financial circles should start with this.

***Autonomous local foundation***

The last level is not a step a group can ‘decide’ to take, but is rather one a group grows into eventually. While a non-autonomous local foundation is similar to the Stichting Vrienden van XR, the National foundation, in all respects, they still have to request funds from them at times. It can be difficult for new foundations to attract enough funds and we as XRNational Finance are open to any budget requests they send us in order to help them, especially in their early days. After some time has passed and the local donations and funding requests have gathered steam, it will turn out that these budget request to Stichting Vrienden van XR are not necessary anymore and we can truly speak of an autonomous local foundation. Congratulations!