
Financial Dimension of the Activity of Faith-based Organizations with the Status of Public Benefit Organizations in Poland: Research Results

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Abstract:

Purpose: This paper aims to assess the structure of financing and the directions of spending resources on social activities carried out by faith-based organizations with the status of public benefit organizations in Poland.

Design/Methodology/Approach: The analysis of literature sources was used in the theoretical part of the paper, whereas in the research part of the paper, basic techniques of descriptive statistics were applied, such as tabular description, graphical presentation of results, selected measures of distribution in the form of arithmetic mean and median, as well as a measure of concentration - Gini coefficient.

Findings: The article shows that the primary source of financing the activities of faith-based organizations having the status of public benefit organizations in Poland are public funds, most often coming from the budgets of local government units. At the same time, the largest share in the revenues of the surveyed organizations has a group of entities with the most significant financial potential. The main direction of spending by these organizations is the free of charge activities carried out mainly for the benefit of children and youth burdened with poverty, the disabled, and care activities for the elderly.

Practical Implications: The study is a starting point for evaluating the effectiveness of raising and spending funds for social purposes by a selected group of public benefit organizations in Poland that combine religious and social missions. The presentation of the activity of these entities in the financial aspect is part of the research on the development of civil society.

Originality/Value: In Poland, there is no research on the structure of financing and the directions of spending money by faith-based organizations with the status of public benefit organizations. The results of this research allow us to assess the activity of faith-based organizations with the status of public benefit organizations in the direction of raising and spending public and private funds.

Keywords: Non-profit sector, faith-based organizations (FBOs), public benefit organizations (PBOs), sources of revenue, directions of spending funds.

JEL codes: L31, H53, M49

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1. Introduction

Non-governmental organizations, according to their mission, are a source of social value creation. Their activity fills a specific gap in meeting social needs that the public or business sector does not fully realize. Hence, they are referred to as organizations of the third sector of the economy. Currently, this sector plays an increasingly important role in the economic development of individual countries. This is evidenced by the results of a study by researchers at John Hopkins University, which indicated that there are countries where this sector accounts for about 5% of GDP and employs more than 10% of the country's total workforce (Zietlow, Hankin and Seidner, 2018). Such a large share of people employed in this sector proves its role in the economy to limit unemployment. Involving volunteers in the implementation of statutory activities makes them more sensitive to social problems occurring in the country and the world and enables them to acquire skills for future gainful employment in the case of young people.

Moreover, social services delivered by those organizations, particularly in education, health care, and social assistance, are usually effective and of high quality. This is mainly due to the knowledge of the recipients of these organizations, the missionary character of their activities, and their high flexibility. These features may translate into greater financial effectiveness and reduce expenditures on social goals.

2. Literature Review

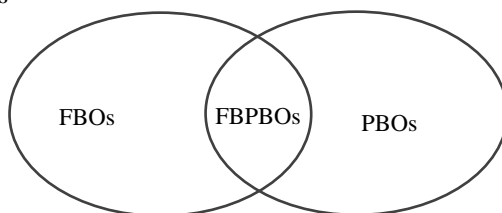
In Poland, as in many other countries, social organizations carrying out public benefit activity have their roots in medieval religious congregations and brotherhoods of mercy, which in addition to religious activity, carried out charitable activities. It was not until the end of the 19th century that the first societies that focused exclusively on charitable activities began to emerge in the Polish lands, mainly under the auspices of the Catholic Church (Cieciela *et al.*, 2016; Casanova, 1994; Hernik, 2010; Nogowski, 2015). Nowadays, in Poland and the world, various churches and denominational institutions carry out public benefit activities as part of their activities, combining religious missions with social activities (O'Halloran, 2010; Casanova, 1994). They differ in their institutional structure, financial resources, sources of funding, and type of activities. These entities are run by religiously and socially dedicated volunteers or employ professional staff.

Because of the variety of terminology used in practice and literature to refer to entities that combine religious and social missions in their activities, it is not easy to adopt an unambiguous nomenclature for these organizations. They are usually called faith-based organizations (FBOs). This term refers to non-governmental organizations (NGOs) or other social organizations that directly or indirectly refer to religion or religious values in their social activities. These organizations usually fill the gap resulting from the absence of a social welfare system concerning various domains of

public life in a country, especially social welfare or social protection (Clarke, Jennings and Shaw, 2008; Noor and Nawi, 2016). The European Union is also involved in supporting the activities of these organizations, as demonstrated, among others, by the FACIT project on the current role of FBOs on issues of poverty and other forms of social exclusion in European cities (Cordis.europa.eu, 2013).

In Poland, the group of entities classified as FBOs consists of associations, foundations, and similar social institutions. Religious organizations (mainly of the Catholic Church) run by religious orders, dioceses, parishes, or lay people are also crucial in the group of FBOs (Sadłoń, 2017; Przygoda, 2004). The size and scope of the activities of these entities are determined both by the nature of the charitable works they undertake and the number of their recipients. For example, in 2019, about 3 million beneficiaries benefited from the services of organizations performing the function of Caritas in Poland (Instytut Statystyki Kościoła Katolickiego, 2015). In Poland, some of these entities, like some NGOs, have been granted the status of public benefit organizations (PBOs), so they can be referred to as faith-based organizations with the status of public benefit organizations (Figure 1).

Figure 1. Subjective scope of faith-based organizations with the status of public benefit organizations



FBO – Faith-based Organizations (pol. OW - organizacje wyznaniowe)

PBO – Public Benefit Organizations (pol. OPP - organizacje pożytku publicznego)

FBPBO – faith-based organizations with the status of public benefit organizations (pol.

OWOPP – organizacje wyznaniowe o statusie organizacji pożytku publicznego)

Source: Own study.

This centuries-long tradition of charitable giving by faith-based and church-based organizations provided the rationale for identifying the subjects for the research described in this article. A careful analysis of the literature on the subject has shown that in Poland, research relating to the activities of faith-based organizations and church organizations is conducted irregularly and to a small extent. The mainstream of research on faith-based organizations in Poland includes statistical studies on types and fields of activity, groups of recipients, barriers to action, and problems of organizations (GUS, 2020).

On the other hand, so far, only one random survey has been conducted on selected aspects of the social activity of the Catholic Church in Poland (This survey was conducted in 2014 by the SAC Institute of Catholic Church Statistics.). The authors

of the study analyzed, using questionnaire surveys, the scope of tasks performed by these institutions, the number of beneficiaries benefiting from their charitable programs, and the number of persons involved in implementing these programs based on employment and volunteer contracts. They also indicated that it was the first attempt to fill in the missing knowledge on the Catholic Church's social activity in Poland and present this activity. At the same time, they stressed that from the methodological point of view, the survey was carried out on a low level and allowed only for obtaining general estimates regarding the scale and scope of the social activities of the Catholic Church in Poland.

The research conducted in Poland concerning the activities of religious organizations and organizations of the Catholic Church does not include information about the sources and amounts of financing of their activities, as well as the directions and amounts of spending on the realization of their statutory goals (Instytut Statystyki Kościoła Katolickiego, 2015). However, obtaining this type of information, as indicated by research, is very important in planning and accounting for social activities of any NGOs and measuring their effectiveness (Bowman, 2011; Garcia-Rodriguez and Romero-Merino, 2020; Öhler and Nunnenkamp, 2011; Potluka, Spacek, and Schnurbein, 2017; Verbruggen and Christiaens, 2012). Knowledge of the amount and structure of funding and the amount of spending on particular tasks promotes openness in financial management and rationality in spending, counteracts corruption, and inspires donor confidence in an organization (Agyemang, O'Dwyer, Unerman, and Awumbila, 2012; Rossi, Leardini, and Landi, 2020; Vacekova and Svidroňova, 2014).

In the future, this may lead to an increase in financial receipts and thus increase aid to the beneficiaries of the works of these institutions. Promoting transparency in the financial area of these organizations should be a priority to achieve social sustainability and the status of a socially responsible institution (Ortega-Rodriguez, Liceran-Gutierrez, and Merono-Albarracian, 2020; Nadolna and Rydzewska, 2021). Achieving this transparency becomes possible through the financial and non-financial reporting of these organizations on their websites and agencies tasked with supporting civil society development. This information should be reliable, multi-sectional, transparent, and credible because many of the programs implemented by these organizations last longer than a year, so they need to plan for the revenues and expenditures associated with them over a more extended period, which requires convincing donors of their continued funding (Sargeant and Woodliffe, 2007; Bowman, 2011). The literature exemplifies evaluations of funding sources of non-profit organizations in the Czech Republic, Slovakia, and Austria (Vacekova and Svidroňova, 2014). These studies do not show the funding structure of faith-based or church-based organizations.

Obtaining financial data from church and denominational organizations conducting charitable activities in Poland is difficult. In most cases, they are not obliged to publish this type of information. Only institutions that are registered in the National Court

Register are obliged to prepare and publish financial reports. In contrast, entities that have been granted the status of Public Benefit Organisations (PBO) are obliged to disclose information about their activities in the form of factual reports in addition to financial statements. The condition for obtaining such status is the performance of activities in the sphere of public tasks required by the Act on Public Benefit Activity and Volunteerism (Act of April 24, 2003). In Poland, about 9 thousand organizations (As of July 15, 2019, 8,947 organizations had PBO status.).

The PBO status means special rights and duties, which the court grants at an organization's request. It may be granted to non-governmental organizations, organizations established by churches and religious associations (Legal persons and organizational units acting based on regulations on the relationship of the State to the Catholic Church in the Republic of Poland, on the relationship of the State to other churches and religious associations and guarantees of freedom of conscience and religion, if their statutory goals include conducting public benefit activity.) and joint-stock companies and limited liability companies not operating for profit. Once an organisation obtains PBO status, it enjoys certain privileges:

- 1) the right to receive 1% of personal income tax,
- 2) the right to inform free of charge by public radio and television about the organization's activities,
- 3) the possibility of using real estate owned by the State Treasury or local government on preferential terms,
- 4) exemption:
 - the organization's income from income tax,
 - from property tax, stamp, and court fees.

There are additional obligations associated with having PBO status. These include annual reporting obligations, the obligation to inform about the disposal of funds obtained from 1% personal income tax, and special accounting requirements. In addition, all PBOs are obliged to perform statutory tasks, mainly in the field of social assistance, including assistance to the disabled and persons of dysfunctional families, health protection and promotion, education, culture, promotion and protection of freedom of human rights, development of national awareness, activities for national and ethnic minorities, activities for the integration of foreigners, ecology and animal protection and protection of natural heritage, tourism and sightseeing; public order and safety, rescue and civil protection, assistance to victims of catastrophes, natural disasters, armed conflicts, promotion of employment and professional activation of people who are unemployed and at risk of dismissal or activities for equal rights of women and men.

This article aims to assess the structure of financing and the directions of spending funds on socially beneficial activities carried out by faith-based organizations with the status of public benefit organizations in Poland. The article has a research character. So far, no research has been carried out on the structure of financing and directions of

disbursement of funds faith-based organizations in Poland having the status of public benefit organizations. The presented aim was a starting point for the formulation of the following research hypotheses:

H1: *The primary source of financing of faith-based organizations with the status of public benefit organizations in Poland are public funds, mainly from the budgets of local government units.*

H2: *The group of entities with the most significant financial potential has the largest share in the revenues of faith-based organizations with the status of public benefit organizations in Poland.*

H3: *The primary direction of spending the financial resources of faith-based organizations with public benefit organizations in Poland is free of charge activity.*

3. Research Methodology

The research was carried out based on data included in the substantive and financial reports of public benefit organizations submitted annually to the National Institute of Freedom – Civil Society Development Centre (This institution is the executive agency responsible for supporting civil society, public benefit activities, and volunteering. It serves non-governmental organizations, directing substantive and financial support programs to them.). This section has been made from 8947 public benefit organizations 705 organizations that declared to conduct charitable activities to promote Christian values. In the course of the work, the content of substantive and financial reports of all these organizations was analyzed to obtain information on the sources of acquisition and the directions of their spending of money.

In the theoretical part of the article, the method of analysis of literature sources was used. In contrast, the research part of the paper employed the basic techniques of descriptive statistics, such as tabular description, graphical presentation of results, selected measures of distribution in the form of arithmetic mean and median, as well as a measure of concentration – Gini coefficient (In econometrics, the Gini coefficient is called the social inequality index and is used to numerically express the uneven distribution of the analyzed feature in the studied group, e.g., income or revenue).

For the article, 705 institutions registered in the Internet database of public benefit organizations were surveyed, which declared the implementation of selected public tasks at the same time indicating tasks related to the maintenance and promotion of religion and the development of its doctrines, as well as referred in their activities to the promotion of Christian values. They constituted 100% of faith-based organizations with the status of public benefit organizations. The selection of subjects for the research was based on a review of the following databases:

- databases of Public Benefit Organizations (in original OPP) – <https://pozytek.gov.pl/> and <https://niw.gov.pl/opp/wykaz-opp/>,
- OPP search engine – <https://www.e-pity.pl/baza-opp-wykaz-organizacji-pozytku-publicznego/>,
- National Court Register (in original KRS) database – <https://ekrs.ms.gov.pl/>,
- non-governmental organizations (NGOs) portal – <https://spis.ngo.pl/>.

The implementation of the research objective required a detailed analysis of the content of individual substantive and financial reports of these organizations, included in the database of reports of the PBO, run by the National Institute of Freedom – Civil Society Development Centre.

For the purposes of the study, the assessed entities were grouped according to their legal forms. These are:

- church legal entities,
- unincorporated church institutions,
- associations,
- foundations,
- other, including secular parish organizations.

A detailed list of them is presented in Table 1.

Table 1. Number of public benefit organizations in Poland (as of 27 September 2020)

Legal form of public benefit organizations	Public benefit organizations		Faith-based organizations with the status of public benefit organizations	
	number	structure in %	number	structure in %
Church legal entities	55	0.6	55	7.8
Unincorporated church institutions	47	0.5	47	6.7
Associations	6021	67.4	399	56.6
Foundations	2408	26.9	180	25.5
Other	416	4.6	24	3.4
Total	8947	100.0	705	100.0

Source: Own study.

Table 1 shows that more than 56% of faith-based organizations are legally organized as associations. This share does not differ significantly from the percentage of associations in the structure of all public benefit organizations. A significant share of associations in the general structure of public benefit organizations results from simplified registration rules of these entities and the long-standing tradition of functioning in Poland of such legal forms of organizations.

Other legal forms with the highest share in the structure of the surveyed organizations are foundations (25.5 percent) and church persons with legal personality (7.8 percent) and without legal personality (6.7 percent).

In the course of the research, organizations were divided into two groups. The criterion for the division was the amount of their revenue, which determined the way information was presented in the financial and factual statements. The surveyed entities were therefore classified as entities with revenues:

- over PLN 100.000 (PLN 1 for this reason, these entities can be called “large organizations” 100,000 is around 25,000 euros), drawing up full financial and substantive reports,
- below PLN 100.00 drawing up simplified financial and substantive reports (Unlike “large organizations”, these entities can be called “small organizations”).

The structure of such separated church and religious public benefit organizations is presented in Table 2.

Table 2. *The division of faith-based organizations with the status of public benefit organizations*

Legal form of FBPBOs	Revenues			
	over PLN 100,000		below PLN 100,000	
	number	structure in %	number	structure in %
Church legal entities	50	11.2	5	1.9
Unincorporated church institutions	39	8.7	8	3.1
Associations	231	51.7	168	65.1
Foundations	113	25.3	67	26
Other	14	3.1	10	3.9
Total	447	100.0	258	100.0

Source: *Own study.*

The data presented in Table 2 shows that the majority of the surveyed organizations (447 PBOs, i.e., over 63% of the total number of surveyed entities) are PBOs with revenues exceeding PLN 100,000 (over EUR 25,000). Revenues below PLN 100,000 were achieved by 258 out of 705 surveyed organizations. It should be noted that more than 65% of organizations with revenues below PLN 100,000 are in the form of associations, while in the case of organizations with revenues above PLN 100,000, only 50.1% of the organizations adopted this legal form. There are also differences in the legal forms between those two groups of organizations whose income is higher than PLN 100,000. The share of church legal persons in the structure of all organizations is 11.2%, while in organizations with revenues below PLN 100,000, only 1.9%. There are no significant differences in the structure of particular legal forms of these organizations in other cases.

4. Results and Discussion

Financing of activities of faith-based organizations with the status of public benefit organizations: The content of substantive reports of faith-based organizations with the status of public benefit organizations enables the analysis of their revenues (receipts) according to the type of their activity and sources of financing. The revenues are distinguished according to the type of activity:

- from unpaid public benefit activities,
- from paid public benefit activities,
- from business activities,
- other, including financial.

Almost all surveyed organizations (over 95%), including all church legal entities, conducted free of charge public benefit activities. It is worth noting that FBPBOs declared to conduct free statutory activities on average in two areas out of 39 indicated by the regulations. The largest number (over 30% of the FBPBOs) carried out tasks in the field of social assistance, including assistance to families and people in difficult life situations. Other areas in which the surveyed entities were active included:

- charity activities (29% of entities),
- activities for the benefit of children and youth, including leisure (27% of the surveyed PBOs),
- activity for the benefit of the disabled (20% of the surveyed entities),
- science, higher education, education, and upbringing (nearly 18% of the surveyed PBOs),
- health protection and promotion (almost 17% of the surveyed PBOs),
- culture, art, protection of cultural assets and national heritage (nearly 15% of the surveyed PBOs).

The type of activity is reflected in the sources of income. In the structure of revenues obtained by the surveyed PBOs, the largest share was represented by revenues obtained from unpaid public benefit activities. They accounted for over 61% of the revenue obtained by these organizations (cf. Table 3). However, due to the sources of income, a variety of different types of organizations can be observed. The largest share of income obtained from this source in the total income of organizations is characteristic for unincorporated church institutions (over 67%). On the other hand, they have the smallest share in the total income of other organizations (about 49%).

The surveyed entities also conducted paid statutory (over 30% of the surveyed PBOs) or business activities (less than 10% of the entities), which were the source of the so-called market revenue. Examples of such activities were running pharmacies, monastery shops, cafes at care facilities, church bookshops, shops with traditional and regional products, and devotional products.

Table 3. Structure of revenues of the surveyed faith-based organizations with the status of public benefit organizations (%) in 2019

Revenues	Total in FBPBOs	Including:				
		church legal entities	unincorporated church institutions	associations	foundations	other
unpaid public benefit activities	61,29	59,44	67,54	61,15	64,66	49,16
paid public benefit activities	21,68	17,59	18,94	27,22	18,85	29,64
business activities	2,50	0,16	0,54	2,71	6,89	17,25
other, including financial	14,54	22,81	12,98	8,92	9,59	3,95
Total sum	100,00	100,00	100,00	100,00	100,00	100,00

Source: Own study.

The frequent activity of some entities and at the same time the source of funds was renting out real estate, conducting advertising campaigns for sponsors or funders. The surveyed PBOs were less active in social economy entities (e.g., social cooperatives) or other entities (e.g., farms). While the financial resources obtained from paid public benefit activities constituted in total 21,68% of all the FBPBOs, the revenues from business activities constituted only less than 3% of their total revenues. The most significant amount of funds from paid statutory and business activity was obtained by FBPBOs classified in the group of “other organizations.”

From the point of view of the purpose of the research and the research, hypotheses set out, the analysis of sources of obtaining financial resources is more credible. As previously mentioned, faith-based organizations with the status of public benefit organizations can raise funds for their activities from public and private sources, from 1 percent personal income tax (1% of PIT) and other sources. The public sources of financing their activities are revenues obtained from the funds of EU:

- state budget,
- budgets of local government units,
- earmarked funds.

Private sources of financing for the activities of the surveyed PBOs are mainly revenues obtained:

- from membership fees,
- from donations from natural and legal persons,
- from public donations (public collections and fundraising),
- from inheritances and bequests,
- from the income from renting and selling the property,
- from business activities,

- from other sources (for example, money transfers from other charities or sponsorship receipts).

The structure of financing the activities of the examined organizations is presented in Tables 4 and 5.

The data in Table 4 shows that the primary source of financing for the activities of almost all the surveyed PBOs is public funds. In total, they constitute 51,4% of all sources of financing of the surveyed entities. The greatest extent of subsidies from public sources is used by associations and church legal entities. Public funds constitute over 56% and 48% of all sources of financing of these organizations, respectively. Among the surveyed organizations, other organizations finance their activities to a minor extent using public sources. Public funds in the budgets of these organizations had about 32% share. Approximately 22,06% of financing sources of the surveyed organizations come from donations of natural and legal persons. Out of all the types of organizations financing from this source is the most significant source of financing for the other organizations' budgets (38.23% of their total financing comes from donations from natural and legal persons). The smallest share in financing the FBPBOs activity is represented by the revenue obtained from 1% of PIT. In the surveyed PBOs, this source of financing provided the most significant portion of the financing to the budgets of other organizations (8.32% of their total financing) and foundations (5.67% of their total financing). A much smaller share was represented by income from 1% of PIT in the structure of financing the activities of associations (3.32% of the total income of these organizations).

Table 4. Structure of sources of financing the activity within each of the legal forms of faith-based organizations with the status of public benefit organizations (in %)

Sources of financing the activity	Total in FBPBOs	including:				
		Church legal entities	Unincorporated church institutions	Associations	Foundations	Other
Proceeds from public sources	51,40	53,18	48,11	56,70	37,89	32,33
Proceeds from private sources	22,06	26,95	10,62	14,33	30,60	38,23
Revenues from 1% of PIT	3,78	3,02	5,42	3,32	5,67	8,32
Proceeds from other sources	22,76	16,84	35,85	25,65	25,85	21,12
Total sum	100,00	100,00	100,00	100,00	100,00	100,00

Source: Own study.

The data in Table 5 shows that about 80% of the total sum of subsidies granted by the state and local governments was provided by associations and church legal entities (associations obtained respectively, 33.30% of the funds and 30.97% of the total sum

of public subsidies were provided to church legal persons). Other organizations had the smallest share in financing from public funds. The funds provided to these organizations constituted less than 3% of the total funds provided by the state and local governments to all the organizations under scrutiny. The largest share in receipts from private's sources (donations from natural and legal persons) had associations' budgets (over 41% of the total sum of donations made to all PBOs). Although income from 1% of PIT had the lowest share in the income structure from church legal persons, these organizations obtained 47.25% of the total funds from this source about the budgets of all organizations supplied with these funds.

Table 5. *Percentage share of particular sources of financing for each of the legal forms of faith-based organizations with the status of public benefit organizations (in %)*

Legal form of FBPBOs	Sources of financing the activity –total sum	including:			
		proceeds from public sources	proceeds from private sources	revenues from 1% of pit	proceeds from other sources
Church legal entities	38.68	30.97	40.02	47.25	28.62
Unincorporated church institutions	5.31	7.62	4.97	2.55	8.36
Associations	37.86	33.30	41.76	24.59	42.66
Foundations	16.94	25.42	12.48	23.49	19.23
Other	1.22	2.69	0.77	2.12	1.14
Total in FBPBOs	100.00	100.00	100.00	100.00	100.00

Source: Own study.

As mentioned, there are "large organizations" with revenues exceeding PLN 100,000 annually in the group of examined organizations. In the analyzed period, they constituted a majority of the surveyed group (over 63% of the surveyed FBPBOs). Since these entities are obliged to prepare annual reports on their activities in full (Unlike the annual simplified substantive reports on the activities of "small organizations," whose revenues in the year for which they prepare the report did not exceed PLN 100,000.), among other things, when presenting in detail the sources of financing of the conducted operations, it is worthwhile to make a detailed analysis of the structure of revenues generated by these entities (Table 6).

As seen from the data in Tables 6 in "large organizations," the primary source of money is public money. In the surveyed FBPBOs, they constituted almost 51% of the income. The largest share in this group of revenues was represented by funds obtained in grants from local government budgets (30.61%). Although still a significant amount, less cash was obtained by the surveyed FBPBOs in the form of subsidies from the state budget (11.08%). The smallest share in the financing of the activities of FBPBOs had revenues from special-purpose funds and European funds (4.87%).

Table 6. Detailed structure of financing sources for the activities of "large organizations" (in %)

Sources of financing	Total in FBPBO s	including:				
		church legal entities	unincorporated church institutions	association s	foundations	other
Proceeds from public sources:	50.66	51.15	45.85	56.88	38.30	32.11
funds of EU	4.87	5.95	0.08	4.98	4.08	0.00
funds of state budget	11.08	15.63	18.88	7.49	6.77	2.19
funds of budgets of local government units	30.61	27.41	26.48	41.25	15.49	25.21
earmarked funds	4.10	2.17	0.42	3.15	11.97	4.71
Proceeds from private sources:	21.91	26.63	10.13	14.22	31.28	38.32
from membership fees	0.35	0.17	0.33	0.56	0.04	3.55
from donations from natural persons	9.27	11.97	3.22	4.68	15.18	14.02
from donations from legal persons	8.09	11.92	5.74	4.79	8.01	1.87
from public donations (public collections and fundraising)	1.50	2.14	0.30	1.15	1.28	0.75
from inheritances and bequests	0.09	0.00	0.44	0.02	0.34	0.00
from the income from renting and selling the property	0.37	0.30	0.00	0.21	1.00	0.68
from business activities	2.24	0.13	0.09	2.81	5.42	17.45
Revenues from 1% of PIT	3.59	3.03	5.10	3.06	5.22	8.31
Proceeds from other sources	23.85	19.19	38.91	25.85	25.20	21.26
Total sum	100.00	100.00	100.00	100.00	100.00	100.00

Source: Own study.

Revenues from public sources are complemented by those obtained from private sources. In "large organizations," they accounted for nearly 22% of the total funds raised and were generally donations from natural persons and donations from legal persons. The lowest percentage in the group of income from private sources about the total income of the surveyed organizations was recorded in legacies and inheritances (0.09%), cash collected from membership fees (0.35%), and income from property, including, sale or lease of property components (0.37%).

When analyzing the influence of groups of organizations, slight differences in the structure of financing activities in organizations with different organizational forms are observed. Nevertheless, public funds are most important for financing activities.

They constituted more than 56% of the income in associations and nearly 52% of the income of church legal persons. Such a structure of financing activities is justified due to the scope of activities reported by associations and church legal persons. Compared to the associations' receipts, public funds constituted only about 38% of the foundations' receipts and slightly over 32% of the receipts received by FBPOs from the 'other organizations' group. The latter entities did not use the European funds at all. The minor income from this source was obtained by church institutions without legal personality (0.08 percent), whereas foundations collected slightly over 4% of the income, whereas associations only 0.9pp more.

While foundations and other organizations raised the least money from public funds, most of these entities raised money from private funds. In the foundations' revenues, they accounted for slightly over 31% of the revenues, and in the remaining organizations, almost 39%. The minor funds from private sources for their activity were acquired by unincorporated church institutions (over 10% of all their resources) and associations (14.22%). Among the funds from private sources, donations were the most important for all organizations, although here, too, we can see a diversity both in terms of donors (natural persons and legal entities) and individual types of organizations. The revenue from assets was of minor importance for financing activities in all FBPOs, whereas the surveyed organizations obtained minimal financial resources from business activities except foundations and other entities.

It should also be stressed that the structure of income of assessed organizations did not differ significantly from the structure of income in all public benefit organizations in Poland. Revenues from public funds in these organizations constituted approximately 54% of total revenues, of which 39% of revenues had their source in domestic funds and 15% in foreign funds (Fakty o NGO, 2021). The rest of the organizations' income came from their own paid and economic activity (15%), individual and institutional philanthropy (14%), membership fees (3%), 1% income tax (3%), the organization's property (3%), support of other NGOs (2%) and other income (6%).

Apart from the presented differences in the level of revenues of the surveyed PBOs, including 'large organizations,' a grouping of organizations was also carried out to compare the organizations' revenue strength. The conducted research proves that (see Table 7) the group of entities with the tremendous financial potential has the most significant share in the revenues of the surveyed organizations. The organizations which obtained revenues exceeding PLN 1 million in the analyzed period accounted for slightly more than 29% of all the surveyed PBOs, but together they accumulated 92.43% of the total revenues of the surveyed organizations. On the other hand, organizations with revenues of up to PLN 100 thousand, although accounting for 37.16% of the surveyed FBPOs, had only 0.62% of the total income of the entire community. The presented distribution of revenues is different than for all the non-governmental organizations in Poland. Statistical data show that NGOs with the

highest revenues (above 1 million PLN) constitute only about 4% of the community and collect about 74% of all revenues.

Table 7. Income strength (income potential) of the surveyed organizations

Revenues	FBPBOs		Revenues of FBPBOs	
	%	cumulative percentage	%	cumulative percentage
< PLN 100,000	37,16	37,16	0,62	0,62
> PLN 100,000 < PLN 1,000,000	33,76	70,92	6,95	7,57
> PLN 1,000,000	29,08	100,00	92,43	100,00
Total	100,00	x	100,00	x

Source: Own study.

In Poland, FBPBOs are characterized by a significant economic stratification. The scale of this phenomenon is illustrated by significant differences between the average and the median of their income. The average total income of all the respondents was eight times higher than their median. On the other hand, from among the individual generic groups of the surveyed organizations, the highest level of stratification was observed in associations, followed by foundations (for which the average was 7 and 6 times the median, respectively). The smallest diversification of income was observed in the group of unincorporated church institutions being FBPBOs. In this group of the surveyed organizations, the average income was three times their median.

Another measure used to determine the degree of economic inequality of entities is the Gini concentration coefficient (The Gini coefficient takes values in the range [0; 1], however, it is often expressed as a percentage. The zero value of the coefficient indicates complete uniformity of distribution.), the values of which are presented in Table 8.

Table 8. Revenue stratification in the organizations under analysis

Specification	Church legal entities	Unincorporated church institutions	Associations	Foundations	Other	Total in PBOs
Number of PBO	55	47	180	399	24	705
Average revenue (PLN)	10 059 172	1 615 486	1 357 177	1 345 825	729 358	2 029 006
Revenue median (PLN)	2 630 496	492 528	196 122	229 509	178 861	267 318
Multiple of median	4	3	7	6	4	8
Gini coefficient	0.760	0.711	0.820	0.788	0.803	0.826

Source: Own study.

In the analysis of the financial potential of FBPBO, the Gini coefficient allows us to determine which group (percentage) of the surveyed entities obtained and had the

largest share of financial resources of this community. The value of this coefficient calculated for all the surveyed organizations was 0.826. This means that a small number of entities obtained the majority of revenue. The value of the indicator is slightly differentiated in particular types of groups of organizations. This indicator's lowest value is assumed in the group of unincorporated church institutions, but its level (0.711) still indicates a significant stratification of income obtained by these entities.

Directions of financial resources spending by the surveyed PBOs: Faith-based charities are set up to carry out a variety of works that are traditionally linked to the broadly defined religiousness. It is important to mention here:

- 1) social assistance, including assistance to families and people in difficult life situations,
- 2) charitable and caring activities, consisting of
- 3) establishing and running various institutions, such as: facilities for people in need of care (homeless, disabled, sick, elderly, children and adolescents), treatment facilities and pharmacies, crèches, eateries,
- 4) helping to provide recreation for children and young people,
- 5) educational and upbringing activities carried out for children and youth, such as: community centres, kindergartens, schools and hostels,
- 6) activities in the field of science and higher education, including support for clerical seminars,
- 7) supporting the maintenance and welfare of sacred buildings (religious facilities), in particular renovations, maintenance,
- 8) cultural, publishing and media activities.

Examples of works carried out in the analyzed period by the surveyed PBOs are:

- running for poverty-stricken children and young people: orphanages, maternal and orphanages, dormitories, community centres, socio-therapeutic centres, crisis intervention centres, camp centres and scholarship funds, as well as organizing sports and cultural activities for children and young people,
- organization and funding of leisure activities for children and young people (camps, holidays, workshops, trips, pilgrimages),
- organization and running for the disabled: rehabilitation equipment rental shops, occupational therapy workshops, occupational activity centres, rehabilitation offices, day care centres and educational centres,
- care activities for the elderly (in the form of community self-help homes, nursing homes), activating (e.g., running senior citizens' clubs, organizing pilgrimages, workshops, concerts, festivals) and supporting, such as financing treatment or rehabilitation, purchase of medicines, conditioners and care products and rehabilitation equipment,

-
- activities for the homeless and addicted persons, such as: running shelters, accommodation, baths, heating rooms, sheltered flats, eateries, food, clothing and bedding points, organization, and financing of professional courses for their activation and professional reintegration, running consultation points on alcohol problems, addiction therapy centres, as well as street working and other supporting activities in recovering from homelessness and addictions,
 - building, running, or subsidizing educational and care facilities, such as crèches, kindergartens and Catholic schools, school dormitories and day care centers,
 - construction and operation of houses for the disabled, hospices (own contribution)
 - construction, repair, renovation, and maintenance of religious buildings (of religious worship), such as churches, sanctuaries, chapels, monasteries,
 - organization and conduct of classes and artistic groups, including music, singing (bands, choirs),
 - organization of cultural and sports events in parishes, such as: concerts, pilgrimages, festivals, supper parties, lectures, workshops, parish balls, festivals and reviews of music bands, performances, and concerts of carols, etc., as well as events that maintain traditions, identity, Christian awareness,
 - organization of classes for married couples and fiancées and singles, such as retreats, evangelization and Christian attitudes formation meetings, prayer workshops,
 - conducting, organizing or supporting scientific activities in the field of social sciences, economics, philosophy and theology, documenting, researching and disseminating JPII teaching, as well as publishing activities,
 - activating and supporting the activities of school and parish Caritas circles,
 - running parish sports clubs, organizing activities, camps and competitions,
 - organization and promotion of volunteering.

Some of the organizations get involved in charity actions abroad or for people outside Poland. An example of charitable works in this area is running and supporting the organization of Christian missions, building and rebuilding schools, daycare centers, sports fields, playgrounds, and funding scholarships for children and youth and clergy (missionaries). The research shows that the most frequent form of charitable aid given abroad is food and material support for the needy. The analysis of expenses of the surveyed entities allows us to state that the expenses made remain in close correlation with sources of money.

As presented in Table 9, the surveyed entities make expenditures in particular about free public benefit activities (these expenditures constitute nearly 60% of the total expenditures of these entities). A small share in the expenditure of PBOs is represented by expenditure on business activities (1.92%) and administrative activities (5.53%). Slight deviations from the results for the whole surveyed group occur in particular types of entities. Church institutions without legal personality spend nearly 69% of their funds on purposes related to their statutory activity free of charge, while they spend less than 0.5% of the total

expenditure on economic activity. On the other hand, the least numerous group of the surveyed PBOs, i.e. 'other organizations,' slightly over 7.5 times more resources on business activity than the average of all the surveyed organizations, and as much as 2.6 times more than the second leading group of entities in this respect, i.e., foundations.

Table 9. *Structure of expenditure in the surveyed organizations (in %)*

Expenditure	Total in FBPBOs	including:				
		church legal entities	unincorporated church institutions	associations	foundations	other
unpaid public benefit activities	59.34	57.59	68.77	60.26	60.04	39.89
paid public benefit activities	23.14	18.50	20.65	28.40	22.84	28.55
business activities	1.92	0.08	0.41	1.98	5.56	14.44
administrative	5.53	5.64	3.68	4.74	7.48	6.85
other, including financial	10.07	18.20	6.48	4.63	4.08	10.26
Total sum	100.00	100.00	100.00	100.00	100.00	100.00

Source: Own study.

Similarly, as in the case of revenues, the expenditure of the surveyed PBOs is characterized by high economic stratification. This is indicated by differences between the arithmetic mean of expenditures and their median. The stratification of expenditures is presented in Table 10.

Table 10. *Stratification of expenditures in the organizations under analysis*

Specification	Church legal entities	Unincorporated church institutions	Associations	Foundations	Other	Total FBPBOs
Number of FBPBOs	55	47	180	399	24	705
Average expenditure (PLN)	9 922 669	1 546 430	1 278 142	1 296 523	770 264	1 957 827
Expenditure median (PLN)	2 523 885	465 213	162 375	214 943	221 805	241 435
Multiple of median	4	3	8	6	3	8
Gini coefficient	0,701	0,625	0,830	0,791	0,738	0,832

Source: Own study.

The average total expenditure of all the organizations' research samples was eight times higher than their median. The most considerable stratification of expenses is observed (similarly to the case with income) in associations and foundations. The average expenditure in these entities was 8 and 6 times the median, respectively. The smallest diversification of expenditures occurred in unincorporated church institutions being PBOs and other organizations, where the average expenditure was three times their median.

When analyzing the expenditures of FBPBOs in detail, one can notice their high internal differentiation. Examples include administrative and other expenses. The detailed results of the study indicate that the median value of the latter is over 200 times lower than their average value. When analyzing the development of this variable in particular groups of entities, the most significant differences between the level of total expenditures and their amount allocated to administration and other needs occur in church institutions and church legal persons without legal personality. In the first group of entities, other organization expenditures were on average 240 thousand PLN, but the median for this group of expenditures was only 30 PLN. On the other hand, in the group of church legal persons, the median of other expenses was 522 times their average value.

5. Conclusions

Charitable activities of faith-based organizations with the status of public benefit organizations in Poland are inspired by the canons of faith, which require that we help our neighbor in difficult life situations and carry out work to prevent these situations or teach people to deal with with various life problems. These organizations usually do not have permanent sources of financing for their activities. The exception is organizations with the so-called "capital endowment," which is usually accumulated by significant and long-standing entities, such as Caritas. Therefore, they obtain funds from various other sources to carry out their charity work. Activity in raising funds depends mainly on the legal form and size of the organization, subject (area) of activity, group of recipients, or knowledge and experience of persons managing them. The research conducted for the purposes of this article shows that the surveyed entities have obtained the most funds:

- from public sources 51.40%,
- from other sources – 22.76%
- from donations of natural and legal persons and public collections - 22.06%
- from 1% of the income tax allowance - 3.78%.

This result confirmed the first hypothesis set out in the article that public sources are the primary source of financing for the activities of these organizations. The largest share in the acquisition of these public funds is held by associations and, to a similar extent, church legal persons and unincorporated church institutions. It results from social tasks accomplished by these organizations.

A more detailed analysis of receipts about "large organizations" indicated that these funds are obtained mainly from the budgets of local government units (30.61% of the total amount of receipts and about 62% from public sources) and directly from the state budget (11.08% of the total amount of receipts and about 21% from public sources). The relatively low share of funds obtained from projects co-financed from foreign sources should be emphasized (4.87% of the total amount of receipts and less than 10% of the total amount of receipts from public sources).

The conducted research proves that the group of entities with the most significant financial potential has the largest share in the surveyed FBPBOs. The surveyed organizations' limit value was PLN 1 million (about EUR 250 000). Even though the organizations obtaining more than PLN 1 million in revenues constituted only about 29% of all surveyed entities, they accumulated more than 92% of the total revenues. This dependence was confirmed by the Gini concentration coefficient, which amounted to 0.826 for the examined community. This means that a small number of entities obtained most revenues. The results of this study confirmed the second research hypothesis.

As far as the directions of disbursement of funds by these organizations are concerned, the third hypothesis was confirmed, which indicated that these organizations allocated about 60% of their funds to free statutory activities within which the main social tasks performed by these entities were performed. Only more than 23% of the expenses were implemented as part of these organizations' paid activities.

The analysis also showed that the information presented in the substantive and financial reports often does not allow for a clear link between the sources of financing and the direction of spending. The information is too aggregated. Nevertheless, only public benefit organizations in Poland are obliged to prepare and publish in the database of these organizations substantive reports, making it possible to carry out the above analyses to a greater extent than financial reports.

It should be emphasized that the implementation of the presented research does not exhaust the subject of financing and distribution of financial resources of faith-based organizations with the status of public benefit organizations in Poland. In order to make the financial management of these organizations more transparent, it is necessary to assess the relationship between the sources of financing and the directions of spending financial resources by these entities and the participation of these organizations in creating social value.

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