JSS 4/90

The Use of Financial Information by Polish Donors

Submitted 08/2015
Accepted for publication 10/2015

The Use of Financial Information by Polish Donors

Finansinės informacijos panauda: Lenkijos donorų atvejis

Halina Waniak-Michalak, Ewelina Zarzycka
Department of Accounting, Faculty of Management, University of Lodz, Poland
Matejki 22/26 st. 90-237 Lodz

http://dx.doi.org/10.5755/j01.ss.90.4.14261

Abstract

The aim of this article is to examine whether the financial information predominant in the statements drawn up for donors by Public Benefit Organisations (PBO) are used by the former when choosing the organisation to transfer 1% of their income tax too. The objective is implemented by conducting a survey among individual donors in Poland.
The obtained results show that donors take the decision to support a given organisation with 1% of their income tax to little extent relying on financial information. However, one of the greatest limitation of the study was the structure of the sample that consisted of only 236 persons.
The results of studies can help the legislator to develop reporting standards for PBOs and can help PBOs to create achievement measurement systems. The research is trying to identify the information and financial indicators that would be understandable to the majority of Polish taxpayers and whose publication would make it possible to compare those organisations with each other. It is important because, in majority of post-communist countries, there are currently no clearly defined rules and indicators according to which one could evaluate PBOs.

KEYWORDS: public benefit organizations, donors, reporting, donations.

Introduction

In Poland, the functioning of public benefit organisations (PBO) is regulated by the amended Act on Public Benefit and Volunteer Work of 22 January 2010. The legislator defines public benefit work as work performed to the benefit of the society by non-governmental organisations in the area of public tasks as set out in the act. The area of public tasks referred to in the act covers as many as 33 tasks, which since May 2010 can be carried out by all entities, including commercial partnerships, on the condition that they do not operate for profit, they spent all their income on statutory activities and they do not share it between stockholders, members and shareholders. Apart from tasks aimed at helping the poor and disadvantaged social groups or at environmental protection, also promotion of entrepreneurship, preservation of national traditions, development of technology and work to support European integration are included among public tasks carried out by public benefit organisations in Poland.

ktu 1922
Social Sciences
Vol. 4 / No. 90 / 2015
pp. 96-110
DOI 10.5755/j01.ss.90.4.14261

The afore-mentioned Act on Public Benefit and Volunteer Work introduces legal solutions aimed at encouraging the citizens to actively participate in social activities. One of those solutions is the mechanism of transferring 1% of income tax to a selected public benefit organisation. This mechanism was introduced to ensure more effective redistribution of public funds for charity purposes. The citizens are to decide by themselves which areas of social life and what social activities needs financial support. In most cases, the revenues of public benefit organisations in Poland are volatile and difficult to predict in subsequent periods.

This is why the possibility of obtaining donations in the form of 1% of income tax became one of the most important financial goals of public benefit organisations. Comparing the intensity of promotional campaigns organised now and several years ago, it is clear that public benefit organisations have begun to compete for revenues from this source.

In order to make the choice of the organisation to support easier for the donors and in order to provide information about those entities, the legislator imposed on PBOs the obligation to submit and publish factual and financial statements in specified periods and to comply with the quality standards as regards preparation of financial statements. Although those solutions are based on the best practices used in Western European countries and the USA, there is a risk that they might not work in the Polish reality. Poland is a country with a specific history as regards charity organisations. Soon after the II World War, there were 3 thousand foundations and 10 thousand associations registered in Poland. These were dissolved when the communists seized power (Wawrzyński, 1997: 18). In most cases, the charity organisations currently operating Poland were established in the 1990s. Their history and experience are much smaller than that of similar organisations functioning in the USA or UK. What is more, it can be suspected that the awareness and knowledge of the donors can be insufficient.

Taking into account the foregoing, the aim of this article is to examine whether the financial information predominant in the statements drawn up for donors by PBOs are used by the former when choosing the organisation to transfer 1% of their income tax to. The objective is implemented by conducting a survey among individual donors in Poland. The analyses and studies conducted in Poland so far have revealed little impact of the information contained in the financial statements on the decisions of individual donors as regards the choice of the public benefit organisation to support financially (Waniak-Michalak and Zarzycka, 2011, 2013). The research has been focused solely on the analysis of correlation between the amount of donations and grants and particular financial indicators calculated based on the financial statements. Up to now, no surveys have been conducted among individual donors in Poland as regards the use of financial information in the context of donations in the form of 1% of income tax and the motivation for the donors' decisions.

The obtained results show that donors take the decision to support a given organisation with 1% of their income tax to little extent relying on financial information. Only infrequently, they search for such information on PBO websites or by browsing their financial statements. Most donors declare that they support those PBOs that help their relatives or acquaintances. More than half of the respondents claim that they do not use financial information due to lack of time or knowledge of how to do it.

The conducted questionnaire survey has some limitations. One of the limitation of the study was the structure of the sample that was selected from the database of employees and students of the University of Lodz and consisted of only 236 persons. Moreover, the sample was nearly homogenous as regards education.

The presented article is the first study in Poland on the use of financial information by donors of 1% of income tax. It contributes to the world literature on the factors influencing donors in decision making. The greatest value added by this paper is the fact that the results of studies can help the legislator in the developing countries to improve reporting standards for PBOs and can help PBOs to create achievement measurement systems. It is important because, in Poland as well as in other Central and Eastern European countries, there are currently no clearly defined rules and indicators according to which one could evaluate public benefit organisations. The National Federation of Polish NGOs (Polish: Ogólnopolska Federacja Organizacji Pozarządowych) intends to undertake, in cooperation with the Social Development Federation, to control the work of public benefit organisations and certify those of them that meet specific criteria, which could help donors in evaluating and choosing non-governmental organisations. Neither public benefit organisations themselves nor the Klon Jawor Association, which conducts periodic studies on the situation of the third sector, measure the results of the activity of those organisations.

The most important implication of the research is to extend the knowledge about the mechanism of 1% income tax. The results may be the first step in looking for the question if the indirect methods of supporting the NGOs (because donors in Poland just choose the organization, but the state transfers the money) may be the effective way of supporting NGOS by the state? Because the 1% of income tax is the public money and may be treated as the form of governmental grant for NGOs. The government tries to involve citizens in making the decision, supposing that citizens may have better knowledge what should be done first in their neighbourhood, for the society. The research answers the question if donors really took their role and responsibility.

In the first part of article there is a brief description of the mechanism of financing of public benefit organisations with 1% income tax in Poland. The paper presents also the literature overview on factor motivating donors to support financially PBOs. The last part of article contains description of the study as well as the results obtained and final conclusions.

Description of the mechanism of financing of public benefit organisations with 1% income tax deductions in Poland

In 2004, natural persons in Poland were given the right to transfer 1% of their due tax to a public benefit organisation of their choice. This tool has been introduced not only in Poland, but also in other Eastern European countries, and its aim was to enable the development of civil society. Moreover, this additional source of financing was to activate foundations and associations that help the society in overcoming the problems revealed and emerged after the collapse of the communist system. The involvement of Poles in the distribution of public resources among PBOs was to contribute to enhancing its effectiveness. The government decided that the citizens will be able to make a better choice of projects and charity objectives implemented by public benefit organisations since their knowledge of social problems and needs is better.

The tool in the form of financing public benefit organisations with 1% of income tax was first introduced in Hungary on 19 December 1996. Three years later, Slovakia follows suit, with the provision that the date of implementation of the system was postponed until 2002. The characteristic feature of the systems of distribution of the 1% of income tax in Slovakia and Hungary was that taxpayers had no possibility to transfer the donation directly to the organisation and then deducting it from income tax (as in the case of companies), but they could indicate the organisation to which they wanted the donation to be transferred. A similar mechanism was adopted in Poland, but only in 2007. At the beginning, Polish taxpayers had to make payments for the selected public benefit organisations themselves and later they could indicate the donation amount as an item that could be deducted from the income tax. In 2007, a change was introduced to the method of transferring the 1% of income tax as a result of low involvement of Poles in the 1% campaign. Now, taxpayers indicate the public benefit organisation to which they want to transfer 1% of their income tax in their tax returns, and the funds are transferred to PBOs by the tax authorities. In the following year (2008), this change resulted in an increase in the number of taxpayers making the deduction by 4 million (Table 1).

Despite similarities in the 1% deduction systems in Poland, Hungary and Slovakia, donation thresholds and procedures applicable in those countries differ. For example, in Hungary, citizens can transfer 1% of their income tax to a selected non-governmental organisation and an additional 1% for religious organisations. Neither in Poland nor in Slovakia can the citizens donate 1% of their income tax to the Church unless it is an association, foundation or another legal entity established by the Church that has obtained the status of a public benefit organisation.

The contribution of the 1% income tax deductions to financing PBOs is reflected by the results from last years. In 2012, nearly 11 million Poles indicated a PBO in their tax returns (Table 1). In 2012, the government transferred 457 million PLN (i.e. approximately 110 million EUR) of personal income tax to those organisations. The share of this source of financing in the overall PBO revenues increases each year. For instance, the share of revenues from the 1% of income tax in PBO revenues increased in 2011 by 11% in comparison to 2005 and amounted to 17% (Gumkowska and Herbst, 2006; 2012). Some organisations receive substantial amounts from the 1% tax donations, but in other organisations those revenues do not exceed several dozen groszys.

In order to make it easier for Poles to take the best decision, the government developed the rules of reporting PBO results and imposed on them the obligation of publishing specific information. No studies had been conducted prior to those changes to assess whether the decision-makers (citizens) would know how to use the information.

Table 1
Data on the 1% income tax donations for PBOs for the years 2008–2013

Indicator/Year	2013 (for 2012)	2012 (for 2011)	2011 (for 2010)	2010 (for 2009)	2009 (for 2008)	2008 (for 2007)
Number of taxpayers	11.5 th.	11.1 th.	10.1 th.	8.6 th.	7.3 th.	5.1 th.
Percentage of taxpayers	44	43	38	33	24	17
Total amount of 1% tax donations in million PLN	480	457	404	391	382	298
Number of PBOs	7.710	6.859	6.533	7.128	6.038	5.354
Largest 1% tax donation in PLN	117 th.	108 th.	88 th.	68 th.	61 th.	33 th.
Average 1% tax donation in PLN	16.481	15.849	13.593	9.572	10.245	6.181
Median 1% tax donation	5.440	5.736	5.794	5.374	7.186	7.625

Note: From: own study based on the data of the Ministry of Finances on the amounts of 1% of personal tax income for the years 2007–2013 available at: www.mf.gov.pl as of 20 September 2014. http://www.mf.gov.pl/

Literature overview

Studies on the extent to which financial information is used by donors when taking the decision to support a given charity organisation have been conducted for over 30 years all over the world. Most studies on the factors, including financial ones, impacting donors' decisions have been conducted in the USA and Western European countries (including the United Kingdom, Ireland, and Holland). In Poland, this subject area has been poorly investigated, probably due to the fact that this type of organisations do not have a long history in the country (see, among others, Dyczkowski, 2010; Waniak-Michalak and Zarzycka, 2011; Waniak-Michalak and Zarzycka, 2013). Studies on the functioning of public benefit organisations use a wide range of research tools of both qualitative and quantitative nature. Particularly common are econometric models and surveys.

Studies on the area in question can be divided into two essential categories. Those belonging to the first category focus on the search for financial factors based on financial statements related to the amount of donations received by those organisations (e.g., Tinkelman, 1998; Greenlee and Trussel, 2000; Okten and Weisbrod, 2000; Parsons, 2003; Andreoni and Payne, 2003; Parsons and Trusell, 2008; Gordon et al., 2009). The second group of researchers try to identify the financial information that is indicated by the donors as relevant to the process of taking the decision to support a given organisation (e.g., Hyndman, 1991; Khumawala and Gordon, 1997; Gordon et al., 1999; Parsons, 2007, Cnaan et al., 2011).

Tinkelman (1998) was one of the first authors to study the relation between the donation amounts and financial indicators representing PBO's costs. Greenlee and Trussel (2000) developed a model to predict the vulnerability of non-profit organisations taking into account financial indicators calculated based on the data from financial statements. Parsons (2003) suggests that the effectiveness and stability of non-profit organisations are the most important factors encouraging entities to transfer funds to a particular organisation. Effectiveness and stability are measured by indicators calculated based on financial statements. Parsons and Trusell (2008) offer an interesting summary of the previous attempts to assess the impact of financial statements on the amount of donations along four dimensions: the effectiveness, stability and reputation of the studies institutions and the information received from those them. Andreoni and Payne (2003) prove that increased number of grants received by PBOs resulted in decreased interest of those organisations in other forms of support, contributing to a decrease in the amounts obtained from other donors. Although this 'crowding out' effect has been noted by other researchers, it should be emphasised that the literature offers examples of situations in which this mechanism did not apply, including Okten and Weisbrod (2000). Gordon et al. (2009) find a correlation between an improvement in the ratings published by American charity evaluators (e.g., Charity Navigator) and the amount of donations received by a given organisation.

Hyndman (1991) is one of the first authors to study the information needs of donors and contrast them with the information disclosed by non-profit organisations. He concludes that donors are interested in non-financial information, while organisations focus on presentation of financial data. Based on an experiment carried out on potential donors, Khumawala and Gordon (1997) developed a ranking of the most important information from financial statements influencing the decision on making a donation. Gordon et al. (1999) notice that donors are more willing to provide funds to organisations about which they have some information and if they have previously received information about the mission, objectives and the most important financial data of the entity. Similar conclusions follow from the experiment conducted by Parsons (2007): the donors that have received financial information from the PBO are more willing to make a donation than those who have not received such information. However, the most recent studies point to a lower interested among donors in financial indicators of charity organisations. As many as 77,7% of donors surveyed by Cnaan et al. (2011) declare that they do not use the data from studies concerning the financial situation of American non-governmental organisations that use selected financial indicators or rankings of those organisations published by American charity evaluators (e.g. Charity Navigator).

Summing up the studies cited above, the impact of financial information on donors' decisions is unclear. Previous studies show that there indeed is a positive correlation between donation amounts and those financial indicators. However, in the recent years, it has often been claimed that the importance of such financial information is overestimated and that donors do not take decisions based on financial indicators.

Description of the study

The aim of the study was to check whether donors in Poland use financial information about the PBO when taking the decision to transfer 1% of their income tax to a PBO. To achieve this goal, a survey was conducted among Polish donors in an attempt to verify the research hypothesis that donors use financial information to take the decision in question. The survey also made it possible to identify which information is relevant for the respondents and what drives their decision as regards the choice of PBOs.

The analyses and studies conducted in Poland so far have shown little impact of the information contained in financial statements on the decisions of individual donors as regards the choice of the public benefit organisation to receive financial support from them (Waniak-Michalak and Zarzycka, 2011, 2013). The research was focused solely on the analysis of correlation between the amount of donations and grants and particular financial indicators calculated based on the financial statements. Up to now, no surveys have been conducted in Poland among individual donors on the use of financial information in the context of the 1% tax donations and the motivation for their decisions.

Questionnaire description

The survey questionnaire used in the study consisted of 8 items, out of which only one was an open-ended question. The survey was conducted electronically and distributed in paper form. The first part of the questionnaire was dedicated to demographics, i.e. included question about the respondents' age and education. The surveyed representatives of the University of Lodz were asked whether they submitted a tax return over the last five years and whether they transferred 1% of the due tax to a PBO of their choice. The aim of the next part of the questionnaire was to obtain information on whether the surveyed donors check PBO results and what sources they use. The group of respondents that checks PBO results was asked to indicate which piece of financial information is most important for them. To this aim, in question 7, a Likert scale was used (1–6), where '1' was the lowest rating and '6' the highest. In the last (open-ended) question, the respondents were asked to give the reason for failure to use the financial data when choosing the organisation to receive 1% of their income tax.

Description of the sample

A random sample was selected from the database of employees and students of the University of Lodz by simple random sampling with replacement. The survey was conducted in the period from September 2013 to May 2014. The study group consisted of 236 persons; 47% of them were below 30 years old, 46% were at the age of 31–50, and 7% were over 50 years old. The sample was nearly homogenous as regards education: the vast majority of the respondents (94%) had a university degree.

The specific history of development of PBOs in Poland made the author expect that the answers would change with the respondents' age. It was assumed that those over 30 years old to a more extent would be burdened with the experiences from the times of the communist rule and that they would have lower trust in private capital. Young adults, those below 30 years old, could be more spontaneous and base their decisions on the information found on the Internet and in social media.

Description of the statistical tools

The form of the study (survey) and its specific character made it possible to use the most popular statistical tools, i.e. interval estimation for a structure index (the adopted level of confidence: 95%). In order to check whether the preferences of the respondents change with their age, a test for two structure indices and an independence test χ^2 (the adopted level of relevance: 5%).

The results obtained

Since as many as seven respondents did not submit tax returns to the Tax Office over the last 5 years, they were excluded from the further stages of the study. Those who do not pay personal income tax have no possibility to donate 1% of their income tax to a public benefit organisation of their choice.

Out of the 229 respondents who have passed to the next stage of the study, 28 (12%) failed to take advantage of the possibility of donating 1% of their income tax to a selected organisation. This is alarming since the taxpayer is burdened with no additional activities related to this mechanism, except for indicating the name of the organisation and its number in the National Court Register. The taxpayers who failed to donate 1% of their income tax were asked to indicate the reasons for not doing so. A vast majority (25 respondents) claimed that the amount donated to the organisation would be so insignificant that it makes no point to do it. Only 2 respondents justified their decision by saying that there are no proper organisations in Poland; one person donates money in a form different than the 1% tax donation. The table with information on the respondents who decided to donate 1% of their income tax to a selected PBO can be found in Appendix 1.

The next stage of the study was to verify whether the potential donors check PBO results before taking the decision to support it financially. Only 20% of them (45 respondents) declared that they had ever checked the results of the organisation, while the greatest part of the respondents (184, i.e. 80% of those who decided to donate 1% of their income tax to an organisation) had never analysed the results of the potential beneficiaries. Interval estimation was carried out for this structure index, assuming the level of confidence of 95%. It was established that, in the entire population, the percentage of people checking PBO results is within the range (14,82%, 25,18%). The table with information on respondents checking PBO results can be found in Appendix 2.

Those declaring interest in PBO financial results were most likely to search for that information on the websites of the organisations or in their financial statements, or they obtained them from their acquaintances. Figure 1 presents the structure of the respondents from the point of view of the sources used by them to obtain information about PBO's financial results.

Based on the results, it can be stated with the probability of 95% that, in the entire population, the percentage of those who use financial statements is within the range (3,69%; 10,29%), while the percentage of those who look for information on PBO results on websites is within the range (8,35%; 16,97%). Most people used the information on the websites of the foun-

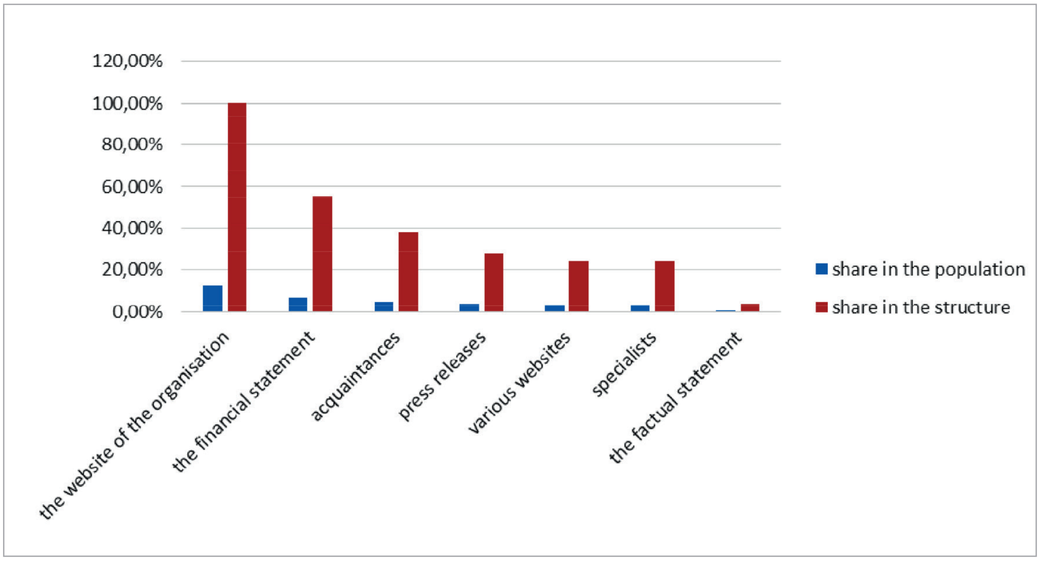

Figure 1
Sources used to obtain information about PBO's financial results

*More than one answer can be selected.

dations and associations. The factual statement, considered by the legislator as the most important document informing donors of the results and scope of the PBO's activity, is seen by individual donors as of little use when taking the decision to support a given PBO.

The next step is to check what variables influence the choice of the source of financial information. One of the factors taken into account was the age of the respondents. In order to establish its relevance, a test for two structure indices and an independence test χ^2 were used. With the first test, it was verified whether particular donor age groups (the first group: up to 30 years old; the second group: over 30 years old) differ in a significant way with respect to the use of financial statements or websites to check the financial results of PBOs.

In the case of the test for two structure indices, the hypothesis was verified:

H_0: $w_1 = w_2$, with the alternative hypothesis

H_1: $w_1 > w_2$, at the significance level α=0,05. Where w_1 and w_2 describe the fractions of, respectively, those up to 30 years old and those over 30 years old.

Based on the study, it can be stated with the probability of 95% that, in the entire population, the percentage of persons up to 30 years old who use financial statements is within the range (3,68%; 14,34%), while the percentage of those over 30 years old is within the range (1,05%; 8,55%). The results obtained for the test with two structure indices (test statistics u=1,28, test critical value $u_{0,05}$=1,96) provide no grounds for rejecting hypothesis H_0 that particular donor age groups differ in a significant manner as regards the use of financial statements to check the financial results of PBOs. It cannot be determined whether any of the age groups is more willing to use financial statements to check the results of PBO activity.

Also the independence test χ^2 confirms the above observation (χ^2=1,648, $\chi^2_{0,05}$=3,84). The results obtained in the independence test χ^2 provide no grounds to reject hypothesis H_0 of independence between the examined properties, i.e., the age and use of financial statements to check the results of PBO activity, with the significance level of 5%.

What is more, the test for two structure indices and the independence test χ^2 fail to confirm that any of the two age groups is more willing to look for PBO results on websites. Based on the results, it can be stated with the probability of 95% that, in the entire population, the percentage of persons up to 30 years old who use websites to check PBO results is within the range (3,03%; 13,19%), while the percentage for those over 30 years old is within the range (9,57%; 22,43%). The results obtained for the test with 2 structure indicators (test statistics u=-1,84, test critical value $u_{0,05}$=1,96) provide no reasons to reject hypothesis H_0 that particular donor age groups differ in a significant manner as regards the use of websites to check the financial results of PBOs. It cannot be determined whether any of the age groups is more willing to use websites to check the results of PBO activity.

Moreover, the independence test χ^2 confirms the above observation (χ^2=3,397, $\chi^2_{0,05}$=3,844). The results obtained for the independence test x^2 provide no grounds for rejecting hypothesis H_0 of independence between the examined properties, i.e. the age and use of websites to check the financial results of PBOs, with the significance level of 5%.

Those who use financial information to take the decision to support a PBO were asked to assess which of the financial data are important for them. The table below presents the ratings made by the donors. The most important pieces of information for the donors are: the amount of money spent on the implementation of the statutory objectives (overall rating: 242) and the value of projects implemented in previous years (227). Donors value those organisations that implement projects compliant with their statutory objectives.

Table 2
Financial information used to take the decision to support an organisation

Financial information	% of the highest rating	average rating
money spent on the implementation of the statutory objectives, e.g., associated with helping others	100%	5,36
the value of projects implemented in previous periods	94%	5,02
remunerations paid	77%	4,18
total income earned by the organisation	76%	4,02
financial results (profit or loss)	69%	3,73
the value of assets held	69%	3,7
equity	68%	3,66
expenditure on promotion	67%	3,64
revenues from 1% tax donations last year	68%	3,59
administrative expenses	66%	3,57
grants (including EU grants)	66%	3,5
donations from companies	60%	3,16
other	7%	0,36

**More than one answer can be selected.*

Financial information was divided into three categories: costs, revenues and balance sheet items. It was concluded that the most important type of information for donors is costs and expenses. Sources of financing are of less importance. However, in PBO factual statements, the Polish legislator puts the emphasis on the level of disclosure of the revenue items.

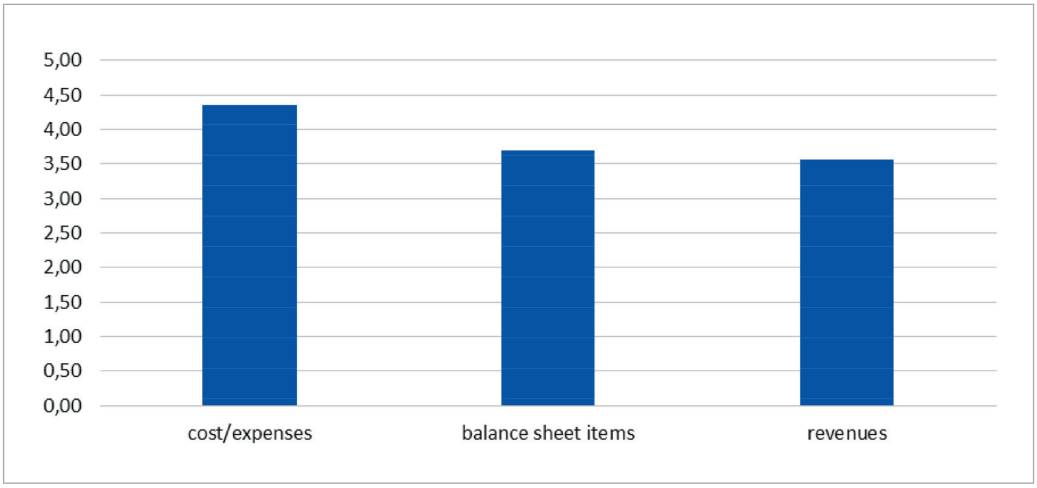

Figure 2
Average rating of the relevance of financial information of each of the three categories

The last stage of the study consisted in asking the respondents why they do not use PBO's financial information when choosing the organisation to which they will donate 1% of their income tax. The vast majority of respondents choose organisations that help a friend or relative and, as a result, they have no need to make choices and analyse the data. A lot of respondents think that such analyses are too time-consuming (31 respondents). Some of them did not know that PBO data are publicly available (19 respondents). A summary of the reasons is provided in Figure 3.

The study shows that the basic reason why the respondents do not check PBO results is that they know a person who uses the help of the foundation or association. It turns out that that a lot of people use the possibility of donating 1% of their income tax to the account of a given person without even paying attention to the PBO's name. In such a situation, the donors probably assume that the beneficiary of the charity organisation has performed

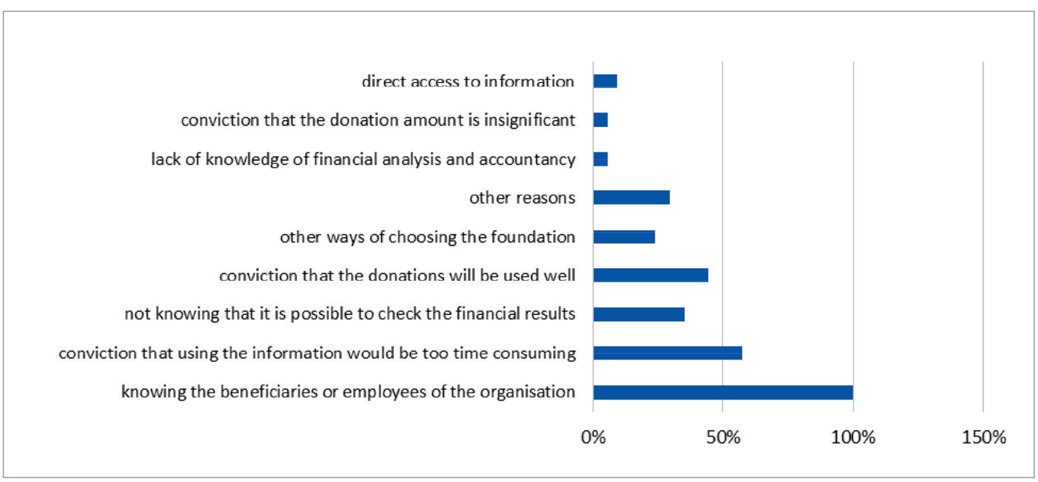

Figure 3
Donors' justification for not using financial information when choosing PBOs (in % of the highest result)

**More than one answer can be selected.*

some independent verification. Moreover, the 1% of income tax is perceived as public funds, whose flow should be controlled by the State and not by the taxpayers.

The study made it possible to identify another problem, i.e. the fact that the analysis of the data is time-consuming. Donors should have access to an edited and abridged version of the information that would allow them to quickly compare the organisations without the need to verify financial and factual statements. Those whose answers were included in the category "other ways of choosing the foundation" pointed to the importance of the aims of the organisation, the opinion of family and friends, the promotional campaign of the PBO and the software for filling in tax return, which often indicates the PBO by default. Some people claim that they did not know why they had never checked the results of the PBO to which they had donated 1% of their income tax. A part of the respondents state that they do not have to know it or that it is the State that exercises control over those organisations and not the citizens.

This stage of the study included checking whether the age of the donors influenced the motivation for not using financial information when choosing the PBO. In order to establish this, a test for two structure indices and an independence test χ^2 were used. With the first test, it was verified whether particular donor age groups (the first group: up to 30 years old; the second group: over 30 years old) differ in a significant way in terms of the motivation for not checking the results since they are more likely to support an organisation helping a friend or a relative; then, it was verified whether they indicate the time-consuming character of the analysis or lack of knowledge on the possibility of checking PBO results as the reason for not using information on PBO results.

In the case of test for 2 structure indices, the hypothesis was verified:

H_0: $w_1 = w_2$, with the alternative hypothesis

H_1: $w_1 > w_2$, with the significance level α=0,05. Where w_1 and w_2 describe the fractions of, respectively, those up to 30 years old and those over 30 years old.

Based on the study, it can be stated with the probability of 95% that, in the entire population, the percentage of persons up to 30 years old who do not check PBO results because they support foundations helping a friend or a relative is within the range (17,19%; 27,85%), while the percentage of those over 30 years of age is within the range (17,81%; 28,59%). The results obtained for the test with two structure indices (test statistics u=-0,1241, test critical value $u_{0,05}$=1,96) provide no grounds for rejecting hypothesis H_0 that particular donor age groups differ in a significant manner as regards indicating the fact that they support foundations helping a friend or a relative as the reason for not using PBO results. It cannot be determined whether any of the age groups does not check PBO results because its members support those foundations that help their friend or relative.

Also the independence test χ^2 confirms the above observation (χ^2=0,015, $\chi^2_{0,05}$=3,84). The results obtained for the independence test x^2 give no grounds to reject hypothesis H_0 of independence between the examined properties, i.e. the age and indication of the fact that they support those foundations that help a friend or relative as the reason for not checking PBO results, with the significance level of 5%.

Based on the study, it can be stated with the probability of 95% that, in the entire population, the percentage of persons up to 30 years old who do not check PBO results because it is too time-consuming is within the range (9,15%; 17,87%), while the percentage of those over 30 years of age is within the range (8,54%; 17,06%). The results obtained for the test with two structure indicators (test statistics u=0,1612, test critical value $u_{0,05}$=1,96) provide no grounds for rejecting hypothesis H_0 that particular donor age groups differ in a significant manner as regards indicating the fact that analyses are too time-consuming as the reason for not checking PBO results. It cannot be determined whether any of the age groups differs in a significant manner as regards indicating the time-consuming nature of analyses as the reason for not checking PBO results.

Also the independence test χ^2 confirms the above observation (x^2=0,026, $\chi^2_{0,05}$=3,84). The results obtained for the independence test χ^2 provide no grounds for rejecting hypothesis H_0 of independence between the examined properties, i.e. the age and indication of the fact that the analyses are time-consuming as the reason for not checking PBO results, with the significance level of 5%.

Based on the study, it can be stated with the probability of 95% that, in the entire population, the percentage of persons up to 30 years old who declare that they did not know that it was possible to check PBO results is within the range (6,7%; 13,1%), while the percentage of those over 30 years of age is within the range (3,28%; 9,52%). The results obtained for the test with 2 structure indicators (test statistics u=0,9866, test critical value $u_{0,05}$=1,96) provide no grounds for rejecting hypothesis H_0 that particular donor age groups differ in a significant manner as regards indicating lack of knowledge as the reason for not checking PBO results. It cannot be determined whether any of the age groups more often indicates lack of knowledge of the possibility of checking PBO results as the reason for not checking PBO results.

Also the independence test χ^2 confirms the above observation (χ^2=0,978, $\chi^2_{0,05}$=3,84). The results obtained for the independence test χ^2 provide no grounds for rejecting hypothesis H_0 of independence between the examined properties, i.e. the age and indication of lack of knowledge as the reason for not checking PBO results, with the significance level of 5%.

Conclusions

The article was to examine whether Polish individual taxpayers that donate 1% of their income tax to a public benefit organisation of their choice use the financial information concerning the operation of the organisation when taking the decision to support it. The study conducted on a group of 236 respondents revealed that individual donors rarely use for this purpose the financial and factual statements drawn by PBOs in conformity with their legal obligations. The mechanism of donating 1% of income tax was introduced to increase the effectiveness of distribution of funds to organisations fulfilling social tasks. It was considered that the citizens know better the social needs and problems to solve, and therefore will be able to better distribute public funds than government authorities. The open question in the questionnaire survey identified three reasons whose elimination could result in an increase of the degree of utilisation of financial information when making decisions to support a PBO. First of all, it turned out that some of the respondents had not known about the possibility of checking the financial results of PBOs, and some of them did not have sufficient knowledge of finances and accounting to properly interpret the results. A large group of respondents not using the financial data (approx. 16%) considered that it would take too much time. It has also been found that the biggest barrier to the use of objective information on the results of PBO's activities, i.e. the financial data, is the aim to which the taxpayers donate 1% of their income tax. The vast majority of respondents do not treat these funds as necessary to eliminate the social problems in the region, but as a means to support their private goals, i.e. to support a friend or relative in need. Thus, the efficiency of distribution of the 1% tax donation is disturbed and does not contribute to the creation of civil society. The level of funds received from this source by PBOs will not depend on the effectiveness of the organisation in the social area or the relevance of the problems it aims to solve, but on the number of acquaintances of the people helped by the organisation or the organisation's employees.

The conclusion from the analysis is the need to change the ways of communicating the information about the results of activity of charity organisations to the public, and thus to create a database to inform about the most important items, i.e. costs, on the basis of which the taxpayers will be able to quickly compare numerous organisations. Currently in Poland, there is no such information database, with the exception of the database of financial statements. However, in this case, checking the results of PBOs requires downloading each report separately, identifying the data relevant to the decision and comparing them, which would be too time-consuming for the donors, as is clear from the respondents' answers. The next step of the authors of the survey will be to identify the information and financial indicators that would be understandable to the majority of Polish taxpayers and whose publication on the website would make it possible to easily and quickly compare those organisations with each other.

References

Andreoni, J. and Payne, A.A. (2003), "Do government grants to private charities crowd out giving or fund-raising?", *The American Economic Review*, 93(3), pp. 792-812. http://dx.doi.org/10.1257/000282803322157098

Cnaan, R.A., Jones, K., Dickin, A. and Salomon, M. (2011), "Non-profit watchdogs. Do they serve the average donor?", *Nonprofit Management & Leadership*, 21(4), pp. 381-397. http://dx.doi.org/10.1002/nml.20032

Dyczkowski, T. (2010), *Controlling w organizacjach pożytku publicznego [Controlling in public benefit organisations],* C.H.Beck, Warsaw.

Gordon, T.P., Knock, C.L. and Neely, D.G. (2009), "The role of rating agencies in the market for charitable contributions: an empirical test", *J.Account.Public Policy*, 28(2009), pp. 469-484. http://dx.doi.org/10.1016/j.jaccpubpol.2009.08.001

Gordon, T.P., Greenlee, J.S. and Nitterhouse, D. (1999), "Tax-exempt organization financial data: Availability and limitations", *Accounting Horizons*, 13(2), pp. 113-128. http://dx.doi.org/10.2308/acch.1999.13.2.113

Greenlee, J.S. and Trussel, J.M. (2000), "Predicting the financial vulnerability of charitable organizations", *Nonprofit Management & Leadership*, 11(2), pp. 199-210. http://dx.doi.org/10.1002/nml.11205

Gumkowska, M. and Herbst, J. (2006), *Podstawowe fakty o organizacjach pozarządowych. Raport z badania 2006 [Basic facts about non-governmental agencies. Report from researches 2006,* Stowarzyszenie Klon/Jawor, Warsaw.

Gumkowska, M. and Herbst, J. (2012), *Podstawowe fakty o organizacjach pozarządowych. Raport z badania 2012[Basic facts about non-governmental agencies. Report from researches 2012],* Stowarzyszenie Klon/Jawor, Warsaw.

Hyndman, N. (1991), "Contributions to charities – a comparison of their information needs and the perceptions of such by the providers of information", *Financial Accountability and Management*, 7(2), pp. 69-82. http://dx.doi.org/10.1111/j.1468-0408.1991.tb00126.x

Khumawala, S.B. and Gordon, T.P. (1997), "Bridging the credibility of GAAP: Individual donors and the new accounting standards for nonprofit organizations", *Accounting Horizons*, 11(3), pp. 45-68.

Okten, C. and Weisbrod, B.A. (2000), "Determinants of donations in private nonprofit markets", *Journal of Public Economics*, 75(2000), pp. 255-272. http://dx.doi.org/10.1016/S0047-2727(99)00066-3

Parsons, L.M. (2003), "Is accounting information from nonprofit organizations useful to donors? A review of charitable giving and value-relevance", *Journal of Accounting Literature*, 22, pp. 104-129.

Parsons, L.M. (2007), "The impact of financial information and voluntary disclosures on contributions to not-for-profit organizations", *Behavioral Research in Accounting*, 19, pp. 179-196. http://dx.doi.org/10.2308/bria.2007.19.1.179

Parsons, L.M. and Trussel, J.M. (2008), "Fundamental analysis of not-for-profit financial statements: An examination of financial vulnerability measure", *Research in Government and Nonprofit Accounting*, 12, pp. 35-49.

Tinkelman, D. (1998), "Differences in sensitivity of financial statements users to joint cost allocations: The case of nonprofit organizations", *Journal of Accounting, Auditing and Finance*, 13(4), pp. 377-393.

Waniak-Michalak, H. and Zarzycka, E. (2011), "Wpływ informacji prezentowanych w sprawozdaniach na zdolność do pozyskania finansowania przez organizacje pożytku publicznego", [The importance of the information presented in the public benefit organizations' financial reports and the impact of the organizations' financial results on their capacity for raising funds], *Zeszyty Teoretyczne Rachunkowości*, 63(119), SKwP, Warsaw.

Waniak-Michalak, H. and Zarzycka, E. (2013), "Finansowe i niefinansowe czynniki motywujące darczyńców indywidualnych i instytucjonalnych do finansowania organizacji pożytku publicznego", [Financial and non-financial factors motivating indvidual and institutional donors], *Zarządzanie Publiczne. Zeszyty Naukowe Instytutu Spraw Publicznych Uniwersytetu Jagiellońskiego*, 3(23)/2013, pp. 283-297.

Wawrzyński, M. (1997), „Fundacje w Polsce", [Fundations in Poland], Centrum Informacji Dla Organizacji Pozarządowych Bordo, available at: http://osektorze.ngo.pl/files/osektorze.ngo.pl/public/pdf/Fundacje/fund_pol.pdf. Retrieved 25 August 2015.

Santrauka

Halina Waniak-Michalak, Ewelina Zarzycka. Finansinės informacijos panauda: Lenkijos donorų atvejis

Siekiant padėti viešosios naudos organizacijoms (VNO) lengviau gauti donorų paramą ir teikti informaciją apie šias organizacijas, Lenkijos VNO buvo teisiškai įpareigotos periodiškai teikti ir publikuoti finansines ataskaitas, taip pat laikytis kokybės standartų jas rengiant. Nors šie sprendimai remiasi gerąja Vakarų Europos šalių ir JAV patirtimi, atsiranda rizika, kad jie gali neveikti Lenkijos realijų kontekste. Dauguma Lenkijoje veikiančių labdaros organizacijų buvo įkurtos 1990-aisiais. Jų istorija ir patirtis yra žymiai mažesnės apimties, nei organizacijų, veikiančių JAV ar Jungtinėje Karalystėje. Be to, galima numanyti nepakankamą donorų informuotumą ir žinias.

Straipsnyje analizuojama, ar aukotojai naudojasi ataskaitose pateikiama finansine informacija, kai renkasi, kam pervesti 1% savo pajamų mokesčio. Šiuo tikslu buvo atlikta individualių Lenkijos donorų apklausa. Iki šiol tokio pobūdžio apklausų, kurios analizuoja finansinės informacijos panaudą 1% pajamų mokesčio skyrimo požiūriu ir donorų sprendimus lemiančią motyvaciją, Lenkijoje nebuvo.

Gauti rezultatai rodo, kad donorai priima sprendimą paremti konkrečią organizaciją 1% pajamų mokesčio suma dažniausiai nesiremdami finansine informacija. Tokios informacijos VNO tinklalapiuose ar finansinėse ataskaitose jie ieško tik retkarčiais. Dauguma donorų teigia, kad jie remia tas VNO, kurios padeda jų giminaičiams ar pažįstamiems. Daugiau nei pusė respondentų teigia, kad jie nesinaudoja finansine informacija dėl laiko ar žinių, kaip tai daryti, trūkumo.

Atlikta apklausa pasižymi tam tikrais ribotumais. Viena jų yra tas, kad sudarant tyrimo imtį buvo naudota Lodzės universiteto darbuotojų ir studentų duomenų bazė, iš kurios buvo atrinkti tik 236 asmenys. Be to, imtis buvo beveik homogeniška išsilavinimo požiūriu.

Vieno procento pajamų mokesčio mechanizmas buvo įdiegtas siekiant padidinti socialines užduotis vykdančių organizacijų fondų pasidalinimo efektyvumą. Buvo laikomasi nuostatos, kad piliečiai geriausiai žino socialinius poreikius ir spręstinas problemas, todėl gali geriau paskirstyti visuomeninius fondus, nei tą padarytų vyriausybinės institucijos. Deja, 1% pajamų mokesčio paskirstymas yra sutrikęs ir neprisideda prie pilietinės visuomenės kūrimo. Iš šio šaltinio VNO gaunamų lėšų kiekis nepriklauso nuo organizacijų veiklos socialinėje srityje efektyvumo ar problemų, kurias jos siekia spręsti, svarbos. Lėšų kiekį lemia skaičius žmonių, pažįstančių tuos, kurioms organizacijos ar jų darbuotojai yra suteikę pagalbą.

Atlikto tyrimo rezultatai gali padėti įstatymų leidėjams kurti VNO atskaitomybės standartus, o VNO diegti pasiekimų vertinimo sistemas. Tai yra svarbu, nes daugumoje pokomunistinių valstybių šiuo metu nėra aiškių taisyklių ir indikatorių, pagal kuriuos būtų galima vertinti VNO veiklą. Galima daryti išvadą, kad reikia keisti labdaros organizacijų veiklos rezultatų komunikavimo visuomenei būdus ir kurti duomenų bazę, informuojančią apie svarbiausius svertus, t.y. kaštus, kurių pagrindu mokesčių mokėtojai galėtų greit palyginti įvairias organizacijas.

REIKŠMINIAI ŽODŽIAI: viešosios naudos organizacijos, donorai, aukos.

About the authors

HALINA WANIAK-MICHALAK

PhD in Social Sciences; Assistant Professor

Department of Accounting, Faculty of Management, University of Lodz.

Research interests

Accounting of non-profit organizations, public sector accounting, financial analysis, sources of financing of SMEs.

Address

E-mail: hwaniak@uni.lodz.pl

ZARZYCKA EWELINA

PhD in Finance, Assistant Professor

Department of Accounting, Faculty of Management, University of Lodz

Research interests

Management accounting, lean accounting, accounting education

Address

E-mail: ezarzycka@uni.lodz.pl