The Grassroots Financial Policy

The purpose of this document is to put in more detail what is already explained in leaflets and on other pages on the Grassroots website. In many of those places it is not appropriate to explain everything every time as space is limited and it would be tedious to read over and over again. It is, however, necessary to be transparent and clear both for those who are donors to the trust and to help those talking to others to explain thing accurately when questioned.

Relating to:

- The meaning of the phrase "100% of your sponsorship money will be spent on the specific child".
- Anomalies relating to education costs and medical cover in some programmes.
- The "sponsorship plus" funds relating to each sponsorship project.
- The use of money reclaimed under the "Gift Aid" scheme.
- The use of money given for alternative gifts.
- Restricted/unrestricted funds and their use.
- Administration costs of the trust and where they come from.

1) The meaning of the phrase "100% of your sponsorship money will be spent on the specific child".

   In Grassroots we are committed to being able to say the minimum amount of money that is spent on the specific child a person sponsors. If the annual sponsorship amount is £42 (as for a "standard" child in Tanzania) then the minimum amount spent on that child over 12 months will be £42. In India this amount is £96 per year. In Romania it is also £96 per year. In the Kenya Good Neighbours project it is £60 per year. In all these projects we almost always spend more than the minimum amount (due to exchange rates, individual needs or because we have a specific initiative funded in other ways) but we always promise to spend the minimum.
   Please note that if a person tells the charity it can reclaim "gift aid" on their donation (which about half our sponsorship donors do) we are not guaranteeing that money will be spent on the specific child they sponsor.

2) Anomalies relating to education costs and medical cover in some programmes

   In some of the Grassroots sponsorship programmes (eg: the secondary programme in Tanzania and for Watu wa Maana in Kenya) the cost of education for each child is different – and is sometime provided free of charge by a school that is committed to helping the children on our project. We therefore average the education costs across all the children on that scheme and take a standard amount from each child's sponsorship money. In every case the promise is that the child who is sponsored will get an education that is appropriate for them.
   Medical costs are similar in that one child may have regular medical needs and another child not see a doctor all year. Because this is obviously the case we take a set amount from each child's sponsorship money and put it in a "medical fund" – rather like a medical insurance scheme. We then provide every child as they have need (within a level that is sustainable) and cover these costs from the "medical fund".

3) The "sponsorship plus" funds relating to each sponsorship project.

   In the paperwork relating to some of the Grassroots child sponsorship schemes we explain that some children have extreme needs (HIV+ being a significant extra need as children with this infection require both drugs and extra nutrition) and that there are other costs that sometimes turn up (like fluctuations in the value of Sterling). We therefore ask sponsors to consider giving more than the standard minimum annual donation to sponsor their child. Whatever extra money they give is put in a fund that we called "sponsorship plus" that is connected to that sponsorship programme. We do not guarantee to use this money on the specific child the donor sponsors but rather where it is most needed across the needs of the programme. This money will not be spent on administration in the UK, UK staff expenses (even air tickets to support the programme), publicity or general administration

in the country concerned, nor the expenses of other ministry carried out by our partner organisations (eg: church services, etc). It may be used to cover exchange rate anomalies, costs of staff specifically related to delivering the sponsorship programme on the ground, extra food, equipment or medical needs for the children, the costs of children for whom we do not yet have sponsors, transport for food, equipment or staff related directly to delivering the sponsorship programme, etc.

4) The use of money reclaimed under the "Gift Aid" scheme.

   We cannot guarantee money reclaimed under "Gift Aid" will be spent on the specific sponsored child. If we did we would be guaranteeing a different minimum amount for these children than for those without a sponsor who could gift aid. We therefore move all the money reclaimed from sponsorship donations into the "sponsorship plus" (see 3 above) fund relating to that project.

5) The use of money given for alternative gifts.

   When a donor funds an "alternative gift" they can be sure that 100% of the donation is spent on that alternative gift as defined on the website shop. For example if the cost of "a pig" alternative gift is £33, then we guarantee that at least £33 will be spent on the pig programme. This programme includes visiting the family concerned to assess whether they can take one or more pigs, providing a pig pen, providing one or more piglets, inoculations for the piglet/s, food for the first 4 months of the piglet's care, follow up visits to the family to know their options after the first four months is complete. The £33 is the approximate cost for supplying one pig, but due to exchange rates, the fact we sometimes give more than one piglet per family, the fact that some families already have a pig pen, etc .. the cost per pig does go up and down. But whatever the anomalies we guarantee that all that money will be invested in that programme. For other alternative gifts similar things are done to make sure that all the money the donor gives is designated to that alternative gift fund even if the unit cost of that alternative gift fluctuates a bit.
   If the charity is able to reclaim "gift aid" on the donation for an alternative gift then that "gift aid" is put into an "alternative gifts plus" fund (similarly to "sponsorship plus" above). This money could be used for more of the same alternative gift you order, another alternative gift that is desperately needed in the same programme or the immediate costs of delivering those alternative gifts on the ground.

6) Restricted/unrestricted funds and their use.

   As with all UK charities Grassroots has a responsibility to restrict the use of money in line with the wishes of the donor – whether that is communicated in writing or verbally. It is also good financial policy to restrict the use of money as little as necessary. However, it is Grassroots policy that if we are in doubt about a donors intended restriction or lack of restriction we will either restrict it to the highest level that could be the possible intention of the donor or to contact the donor for clarification.

7) Administration costs of the trust and where they come from.

   Some people may wonder how all the above is possible as any charity has costs in administration, publicity, project management staff, equipment, etc. The truth is that this is a continuous struggle for Grassroots and although some very generous donors have made a big difference there remain significant needs. If a donor to a specific project says (or writes) that their donation can be used wherever needed most or wherever needed most in a specific project we are thrilled. This may mean that we use it for administration/project management/etc; but even in this case we always work hard to keep those costs to a minimum and use as much of the donation as possible on the ground in the designated project ... where the rubber meets the road.