

## 8. Economic policy

This policy describes how the Swedish Red Cross Youth relates to accounting, budgeting, and capital management. Our financial management must be sustainable, efficient and reflect the organization's principles and statutes. The Swedish Red Cross Youth is part of the International Red Cross and Red Crescent movement, which has a strong foundation of trust in society. This means that we have certain demands on us to handle our revenues and expenses correctly. By taking care of our capital in a sustainable and efficient way, we can continue to run our operations and maintain a high level of trust in the Swedish Red Cross Youth.

### Accounting

The Swedish Red Cross Youth's accounting report shall provide a fair and transparent picture of the organization's activities. All local associations, as well as the national organization, must report their income and expenses, and each year prepare a financial statement and an annual report for their own association.

To enable a good holistic view and for increased transparency and credibility, the reporting must take place in as great a uniformity as possible throughout the entire organization. To the extent possible, one and the same chart of accounts must therefore be followed for the accounting. Instructions for accounting and how to prepare financial statements and annual reports are available to everyone in the association's handbook at [www.rkuf.se](http://www.rkuf.se).

### Budget and action plan

All local associations and the organization's national level must have a budget and action plan for each year. These should also be designed as uniformly as possible throughout the organization. Instructions for how to prepare a budget and action plan are available to everyone in the association handbook at [www.rkuf.se](http://www.rkuf.se).

### Purpose-bound funds

Purpose-bound funds may only be used for the purpose specified by the donor or specified for a certain activity. This applies to both national and local levels within the Swedish Red Cross Youth. The funds must be booked so that it is possible to identify purposes, see how much has been used and how much is left, so that it is possible to then submit a correct report to the donors.

### Tied-up Capital

Capital shall be used for purposes and activities as specified in the budget and action plan. Local associations and the organization's national level must strive for a zero result. In case of negative results, money is taken from the buffer and in case of positive results, money is saved for future financial years.

Limits on tied-up capital:

- All local associations can have a saved capital of up to two years' operating costs.
- At the national level, a saved capital is sought to covers six months' expenses.

## Distribution of capital

The local associations within the Swedish Red Cross Youth have different needs for capital, depending on their size and how many activities they run. As part of the International Red Cross and Red Crescent Movement, we must manage all capital in a sustainable and efficient way to maintain society's trust. The capital that exists within the Swedish Red Cross Youth must be used for the activities that the organization holds.

In the case of a local association having a high level of capital in relation to its activities and needs as well as the limits for tied-up capital, the association must work to distribute capital to parts of the organization that need funds.

## Asset management

All local associations and the organization's national level are obliged to ensure that the Swedish Red Cross Youth's assets are always managed in a careful and reassuring manner. It is important that local associations and the national organization manage their funds in a way that provides the best possible return to acceptable risk, and with an ethical and sustainable approach. We only invest fund capital in ethical and sustainable funds.

## In case of suspicion of corruption or fraud

The Swedish Red Cross Youth has zero tolerance for all forms of fraud and corruption. We always act in case of suspicion of fraud and corruption according to the association handbook which is available to everyone via [www.rkuf.se](http://www.rkuf.se).

All types of serious malpractice in our operations or within the organization must be reported to the whistleblower function, which is available at [www.rkuf.se](http://www.rkuf.se).

## Financial dictionary

Fraud	To lie, be deceived or choose not to tell to gain something that one is not entitled to. It is usually about money, but it can also be about, for example, services, gifts, or different kinds of permits.
Financial statements	Consists of a balance sheet and an income statement. The financial statements summarize all the economic events that took place during the year.
Budget	A plan of how much money the association will use, and how much money the association needs to raise to keep its activities going.
Management of capital	How the association saves and uses its money.
Income	The money that the association receives from external donors or the national organization.

Capital	The resources that the association has. The resources usually consist of money, but the association can also own things that have a value in money and then those things are also part of the capital.
Tied-up capital	Capital can be tied up in a local association and can therefore not be used by another local association within the organization.
Corruption	When someone uses their position to give themselves or others unfair advantages. Sometimes bribes can be involved, which means that one receives, for example, money, services, or gifts from someone to help them and give them unfair benefits.
Accounting	How information about the association's finances is compiled and documented.
Expenditure	The association's costs.
Annual report	A summary of how the association has managed its financial assets during the year.
Purpose-bound funds	Money that a donor has decided should be used for a specific Operation.