

The financial activities of non-profit organizations at the regional level in the context of digitalization of the sectoral economy

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Abstract — The article discusses the features of financing non-profit organizations of the Volgograd region in the context of digital economic development. The dynamics of the number of non-profit organizations in the period 2015-2019 is given, the results of the first presidential grants competition in 2019 are examined, the impact of digitalization, informatization and virtualization processes on the course of non-profit organizations is analyzed, and directions for improving the regulatory framework for creating favorable conditions are determined conditions for the development of the non-profit sector of the economy. Methods of work include structural and statistical analysis, synthesis of data relating to the results of the first presidential grant competition in 2019, as well as economic forecasting.

Keywords — *non-profit organizations, financing, presidential grants, civil society, digital economy, social services*

I. INTRODUCTION

Today, the significance of the activities of non-profit organizations in the socio-economic life of society has grown significantly. This is due to overcoming a significant part of the residual negative phenomena of the post-perestroika period and the formation of horizontal social contract mechanisms in Russia, i.e. civil society, which in its most general form can be considered as a set of individuals voluntarily united in order to create various kinds of social benefits [3]. Civil society, according to K. Marx and F. Engels, represents the primary category relative to state power, because it is society that determines the nature of the activities carried out by the state, and not vice versa [5]. Today, the activities of non-profit organizations are aimed at developing human capital through increasing the level of civil liability of individuals, implementing educational programs, institutionalizing the foundations of civil society by improving the methodological and regulatory framework for the implementation of socio-economic plans and forecasts for the development of regions and municipalities. The aforementioned factors necessitate the modernization of financing mechanisms for non-profit

organizations to accelerate the pace of their development, entailing an improvement in the quality of life of the population.

II. CURRENT POSITION

Non-profit organizations (NPOs) are entities whose main purpose is not to profit, but to implement socially useful projects. NPOs cannot issue securities; their activity with them is limited by the possibility of receiving securities as donations and investments. The entrepreneurial activity of NPOs is also limited and can be carried out only within the framework of the main goal of the organization (for example, the sale of printed versions of magazines for publishers created in the form of non-profit organizations), and the profit received during its implementation is not distributed among the founders and is directed exclusively to the development and improvement of the organization. Today, many non-profit organizations use fundraising tools in their activities (i.e., to attract donations from individuals and legal entities), however, the effectiveness of their use directly depends on the organization's reputation in the eyes of the public and the degree of development of civil society institutions, and therefore fundraising is not can always be considered as an effective way to maximize development funds [10]. Various legislative and statutory restrictions that narrow the range of opportunities to attract financial resources encourage founders and leaders of NPOs to search for alternative sources of financing.

The development of the socio-economic life of the population of the regions and municipalities of Russia depends not only on the implementation of state programs, but also on the initiative of society and public institutions. The decentralization of power that occurred during the perestroika period led to further improvement and implementation of the federal structure of the state in Russia, and especially regarding the differentiation of budgetary powers among regions and municipalities. The endowment of regional and municipal authorities with a high level of independence in some cases led to conflicts of interest and opinions of representatives of various

levels of government. To date, one of the most optimal solutions for implementing regional and municipal development programs is a public-private partnership, during the implementation of which representatives of the authorities conclude mutually beneficial agreements for joint activities with entrepreneurial structures and businesses. The formation of sustainable mechanisms and institutions of public-private partnerships also requires a high level of civic responsibility in society, which, in turn, is developed in the course of non-profit organizations carrying out their activities. All these changes have influenced the composition and structure, as well as the effectiveness of NPOs.

Thanks to the development of electronic document management systems and periodic reporting by NPOs for state statistics bodies, it became possible to collect and process statistical data for all non-profit organizations operating in the region. Data collection and processing is carried out in several directions: for the region as a whole, for its individual regions and for municipalities. As part of the activities of state statistics bodies, technologies of electronic exchange of statistical data between different territorial branches are widely used.

According to Volgogradstat, in the Volgograd region there is a tendency to reduce the number of non-profit organizations. Data on the dynamics of the number of NPOs and their lines of activity are presented in Table 1 below.

TABLE I. DYNAMICS OF THE NUMBER OF NON-PROFIT ORGANIZATIONS BY TYPE OF ACTIVITY IN THE VOLGOGRAD REGION, 2015-2019 [8]

	2015	2016	2017	2018	2019	Changes 2019/2015
Non-profit organizations, total	11885	11625	11104	10638	10193	85.8
from them:						
– consumer cooperative	925	915	840	808	786	85.0
– public organization	2840	2770	2732	2632	2442	86.0
– associations	476	452	453	414	374	78.6
– stock	264	261	242	225	203	76.9
– autonomous nonprofit organization	201	220	231	233	237	117.9
– religious organization	428	436	438	436	438	102.3
– institutions	5264	5083	4775	4583	4433	84.2
– other non-profit organizations	1487	1488	1393	1307	1280	86.1

From Table 1 it follows that as of January 1, 2019, the number of non-profit organizations operating in the Volgograd Region decreased by 14.2% compared with the same indicator as of January 1, 2015. The largest negative changes are observed among funds (-23.1%), associations (-21.4%) and institutions (-15.8%). At the same time, it is worth noting the presence of positive dynamics in the number of autonomous non-profit organizations and religious organizations, the growth of which amounted to 17.9% and 2.3%, respectively. As of 2019, the largest shares among non-profit organizations are held by institutions (43.5%), public organizations (24%) and NPOs, whose legal forms did not appear in the Table (12.6%).

III. FEATURES OF FINANCING

The negative dynamics in the number of nonprofit organizations is associated with a number of factors, the main of which are the lack of financial resources for development and a decrease in the interest of potential consumers in the services of a nonprofit organization. The volume of state financing (received in the form of cash, property or various benefits, including tax) often does not allow a non-profit organization to implement the planned activities [9]. The dynamic development of society forces non-profit organizations to carry out their activities in many areas (for example, in the virtual space). Such a diversification of development directions leads to an increase in capital requirements [4]. In such situations, one of the ways to attract financial resources is to receive grant support from the state. A grant support system for socially oriented non-profit

organizations has existed in Russia since 2006; Since 2017, its single operator is the Presidential Grants Fund. Grant support contests are held twice a year. The system for submitting applications for the grant competition exists in electronic form: this greatly simplifies such processes for organizations in cities located at a considerable distance from Moscow. In addition, the electronic system allows to increase the efficiency and completeness of the provision by non-profit organizations of data on their activities and on projects that are planned to be implemented subject to the receipt of grant support. This is a significant advantage of using Internet technology in comparison with mail forwarding. Competition results are also published on the site in the public domain, and therefore representatives of the non-profit sector can receive the necessary information immediately after the Commission makes a decision.

According to the results of the first presidential grant competition in 2019, 67 projects of non-profit organizations of the Volgograd region received grant financing, the total amount of which amounted to 71 810 220 rubles. The total amount of co-financing, i.e. own funds of the organization invested in the implementation of projects amounted to 52 787 034 rubles. The total amount of funds for the implementation of the projects, therefore, amounted to 124 597 254 rubles. Table 2 below shows the detailed structure of grant funding for projects of non-profit organizations of the Volgograd region in competitive areas.

TABLE II. STRUCTURE OF GRANT FINANCING OF PROJECTS, RUB. [11]

Competitive direction	Number	The amount of the grant financings	% against general	Volume co-financings	% from the general
Protection of human rights and freedoms	1	2 902 021	4.0	596,238	1.1
Health protection of citizens	24	11 622 058	16,2	7 063 832	13,4
Environmental protection	5	4,684,698	6.5	4 708 881	8.9
Support for youth projects	3	3 837 917	5,3	2,423,081	4,6
Support projects in the field of culture	6	7 023 918	9.8	4 769 981	9.0
Support projects in the field of science	4	2 018 774	2,8	984,441	1.9
Family and maternity support	4	6 875 698	9.6	3 313 598	6.3
Development of citizens' institutions. societies	3	4,437,852	6,2	1,543,837	2.9
Development of public diplomacy	4	15 401 890	21,4	20 763 411	39.3
Preservation of historical memory	11	9 876 274	13.8	6 081 964	11.5
Social support of citizens	2	3 129 120	4.4	537,770	1.0
Amount	67	71 810 220	100.0	52 787 034	100.0

From Table 2 it follows that the largest amount of grant financing was received by organizations engaged in the development of public diplomacy (21.4% of the total funding), protecting the health of citizens and promoting a healthy lifestyle (16.2%) and preserving historical memory (13.8%). A similar situation is with the volume of co-financing, where financing of the above areas is 39.3%, 13.4% and 11.5% of the total, respectively.

In total, 403 applications were submitted for the first presidential grant competition in the Volgograd Region in 2019, the total amount of requested funding amounted to 705 325 569 rubles. Based on the data given in the Table, it should be said that the requests were implemented by 10.2%. This indicates the quality of the documents being prepared for grants, compliance with the requirements for grants.

Among the projects of non-profit organizations that won the first presidential grant competition in 2019, there are many events whose tasks include disseminating information about the activities of NPOs using information and digital technologies. One of such projects is "My Business - Creation, Protection and Development", created by the regional public organization "Volgograd Center for Protection and Business Development" Business ". This project received a grant in the amount of 2,902,021 rubles. Its goal is to promote the development of small and medium-sized enterprises in the Volgograd region, which will be carried out, including in the Internet environment.

The Figure 1 below reflects the structure of grant financing for projects of non-profit organizations in various areas in the form of a pie chart.

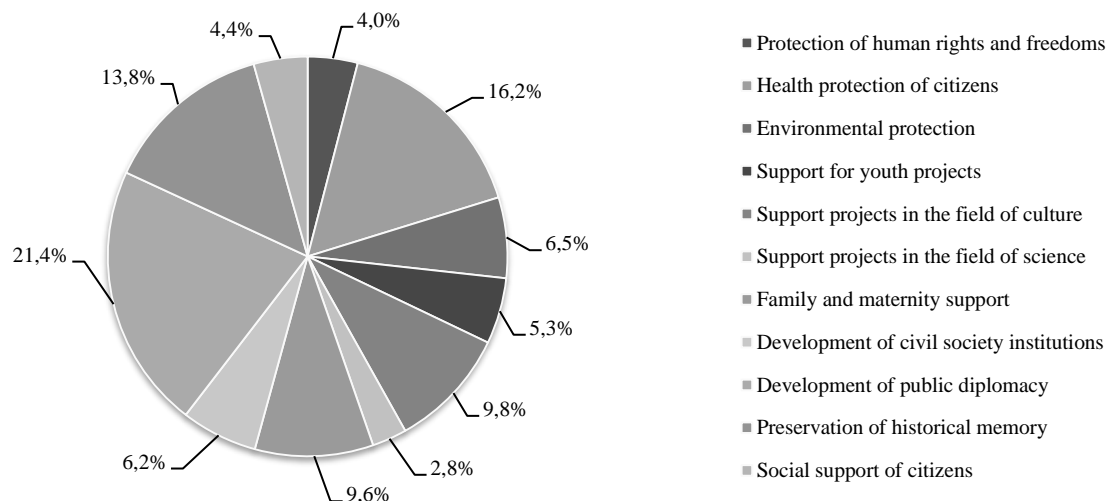


Fig. 1. Structure of grant financing of NPO projects

The greatest amount of funding in the framework of the competition was received by the Success Academy, Volgograd regional public organization with the project "75th anniversary of the modern twin-city movement Volgograd-Coventry: a look into the future". The size of the grant received by the organization amounted to 5 584 655 rubles, and the amount of

co-financing - 11 271 672 rubles. The project plan provides for activities in Volgograd and Coventry aimed at strengthening interethnic relations between the residents of Russia and the UK, exchanging cultural experience and forming an understanding among the younger generation about the history of the origin and development of the twinning of Volgograd and Coventry.

It is important to note that the possibility of attracting grants cannot be considered as a full-fledged alternative to state financing of non-profit organizations or the profit received by NPOs from entrepreneurial activities, since the grant most often involves covering the costs of a specific project implemented by the organization in order to improve the quality of life of society. At the same time, the implementation of such projects can have a beneficial effect on the future activities of the organization, since through an event, an NPO can significantly increase its reputation in society, provoking a surge in public interest in its activities.

IV. DEVELOPMENT TRENDS

The non-profit sector today is a source of social innovation, which can be considered as new ways of interaction of individuals in a dynamic external environment [2]. According to the wording given in Federal Law No. 442-FZ, non-profit organizations are "providers of social services", i.e. entities engaged in activities in the field of social services of citizens [7]. However, the social environment itself is developing dynamically, and previous methods of implementing social programs are rapidly losing their relevance. The most significant trends in the development of modern society are the processes of digitalization, informatization and virtualization, and therefore the effectiveness of non-profit organizations directly depends on the degree of its integration in the course of these processes.

The virtual environment, which is a set of relations that arise between users of network resources in the process of their interaction regarding certain issues, as well as the infrastructure that enables the emergence of such relations, today can be considered as an alternative environment for the life of society, within which there are special economic, political, moral, spiritual and other institutions (usually informal, because in view of the high pace of development of Internet technologies, institutions the analysis of phenomena and processes arising in the Internet space is much more difficult). Such circumstances necessitate the use of such technologies in the activities of non-profit organizations [6].

The presence of your own website and pages on social networks can be considered as a condition necessary for the implementation of NPOs of their activities and attract potential consumers. The post-industrial economy is characterized by a high degree of individualization of society, in which people move from a collective model of action to an individual. This fact indicates the complication of the processes of individuals integration, which, among others, can be considered as the most important task of the non-profit sector of the economy, aimed at the formation and development of civil society institutions.

So, in 2016, the Supervisory Board of Agency for Strategic Initiatives to Promote New Projects, NPO reviewed and approved a project to create a unified information base for people with disabilities. This project was based on public-private partnership, it was based on the consolidation of efforts of non-profit organizations that provide assistance to people with disabilities.

Currently, it is important for non-profit organizations to give potential consumers of services the opportunity to get acquainted with the features of their activities remotely, as well as provide the opportunity to order services online. In this situation, you can consider the content of the website of the Volgograd Fund for Social Assistance "Planet of Childhood" (which became one of the winners of the first grant competition in 2019 and received funding in the amount of 2,378,922 rubles). On the foundation's website you can not only familiarize yourself with the nature of the events held by it, but also get information about the services provided by the organization, as well as remotely place an order for their receipt and pay for them through e-commerce systems [12].

Thus, one of the directions of development of non-profit organizations is the creation of Internet platforms that allow feedback between representatives of the non-profit sector and consumers of their services. In the context of digital technologies development, the openness and transparency of the activities of both commercial and non-profit organizations is of particular importance, while in the case of NPOs, it is even more clearly expressed, since the mechanisms of civil society are based on the honesty and openness of its individual representatives. The Internet space, which minimizes the negative impact of geographical and other differences, allows to unite people located in different parts of the world, and in the case of non-profit organizations, this phenomenon can be considered as uniquely positive (provided that the relations arising in the process are regulated and directed to right direction) [1].

V. CONCLUSION

In the course of considering the areas of financing for non-profit organizations, it was determined that today the non-profit sector of the economy is considered as a set of subjects for the implementation of social innovations, and therefore the largest amounts of financing are in areas associated with socially useful activities. In a sense, the activities of nonprofit organizations are becoming an alternative to public policy in various areas of public life. Non-profit organizations form the basis of civil society, and therefore social support, protection and rallying of citizens are the main goals of their activities.

State support for the non-profit sector today is expressed not only by budget funding, but also by presidential grants, which are sent on a competitive basis for the implementation of socially-oriented projects of non-profit organizations. The winners of such competitions are organizations that sufficiently substantiate the need and usefulness of the implementation of their proposed projects. The basis of such contests is transparency and openness, achieved by posting data on their progress and results on the Internet. Not only representatives of non-profit organizations participating in competitions, but also any other interested parties can familiarize themselves with the necessary information using the appropriate Internet resource.

An important component of the non-profit sector of the economy development process is also the introduction of digital and information technologies in the activities of NPOs, which

make it possible for potential consumers to increase the availability of information about certain services as well as the services provided by organizations. Digital technologies allow improving feedback mechanisms, allowing representatives of organizations to directly interact with target groups of the population, without resorting to expensive marketing management tools.

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