



FINANCIALS OF HIKING ORGANIZATIONS

A look into the organizational structure and finances of the Camino de Santiago and the Via Francigena.

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2 Camino de Santiago

The Camino de Santiago is the first long-distance route that received the certificate of a Cultural Route by the Council of Europe in 1987 (Kunaeva, 2012). The Camino is in the unique situation that each aspect of the route is managed by different institutions and/or organizations. For example, in the 1940s, the leadership over the route has changed from the Catholic Church to independent organizations (Kisslin, 2003).

2.1. Company structure

Archdiocese of Santiago de Compostela

The most important of these is the archdiocese of Santiago de Compostela in Galicia, Spain. This is unique and brings a different magnitude of capital resources with it. For example, the income of the catholic church of Santiago de Compostela was over €18.8 million over 2020 (Archidiócesis de Santiago de Compostela, 2020). The organization behind the other famous religious route in Europe, the Via Francigena, had a budget of ‘just’ €410.979,27’ in 2020. The church of Santiago gives the pilgrims the ‘Compostela’ for 3 euros apiece and functions as a stamp card for the route (Oficine de Acogida al Peregrino, 2022). Although hostels on the route can sell those Compostelas as well, the Cathedral of Santiago is the only entity that hands out the ‘certificate of distance’ that proves the pilgrim’s completion of the pilgrimage. This certificate costs three euros as well. While the church is mainly focussing on the religious perspective of the route, other organizations maintain the physical route (Oficina de Acogida al Peregrino, 2022). Additionally, the church also promotes volunteering as a hostess on the route and encourages pilgrims to participate in the volunteering projects.

Federación Española de Asociaciones de Amigos del Camino de Santiago (Spanish federation of associates of the Way of St. James)

Maintenance of the physical route is done by ‘The Amigos’ of the route. These Amigos are independent organizations along the route founded by volunteers to take care of the route and to provide shelter to its visitors. There are at least more than 40 secular independent organizations ‘Amigos del Camino de Santiago’ (Friends of the Way of St. James) are part of the parent Federación Española de Asociaciones de Amigos del Camino de Santiago. The organization is a Spanish variant of an NGO and has a tremendous presence along the Camino. ‘The federation and its Amigos are the ones who maintain the route, fund research conferences, support the refugees on the paths and provide information to pilgrims on the route (Federación Española de Asociaciones de Amigos del Camino de Santiago, 2022).

The Federación de Asociaciones del Camino can be considered as the foundation that manages the hiking itinerary. The Cathedral of Santiago is responsible for the religious aspect. Figure 1 demonstrates the organizational structure of the trail and its divided responsibilities.

2.2. Financials

De Camino de Santiago has multiple income sources, and the departments have a direct and indirect influence on each other by monetizing the route. The religious element is what makes de Camino famous and is what attracts the highest number of hikers. Additionally, the church supports the volunteering network by promoting the federation of Amigos on its website. On the other hand, the federation of Amigos accommodates the pilgrims, maintains the extended infrastructure, and provides

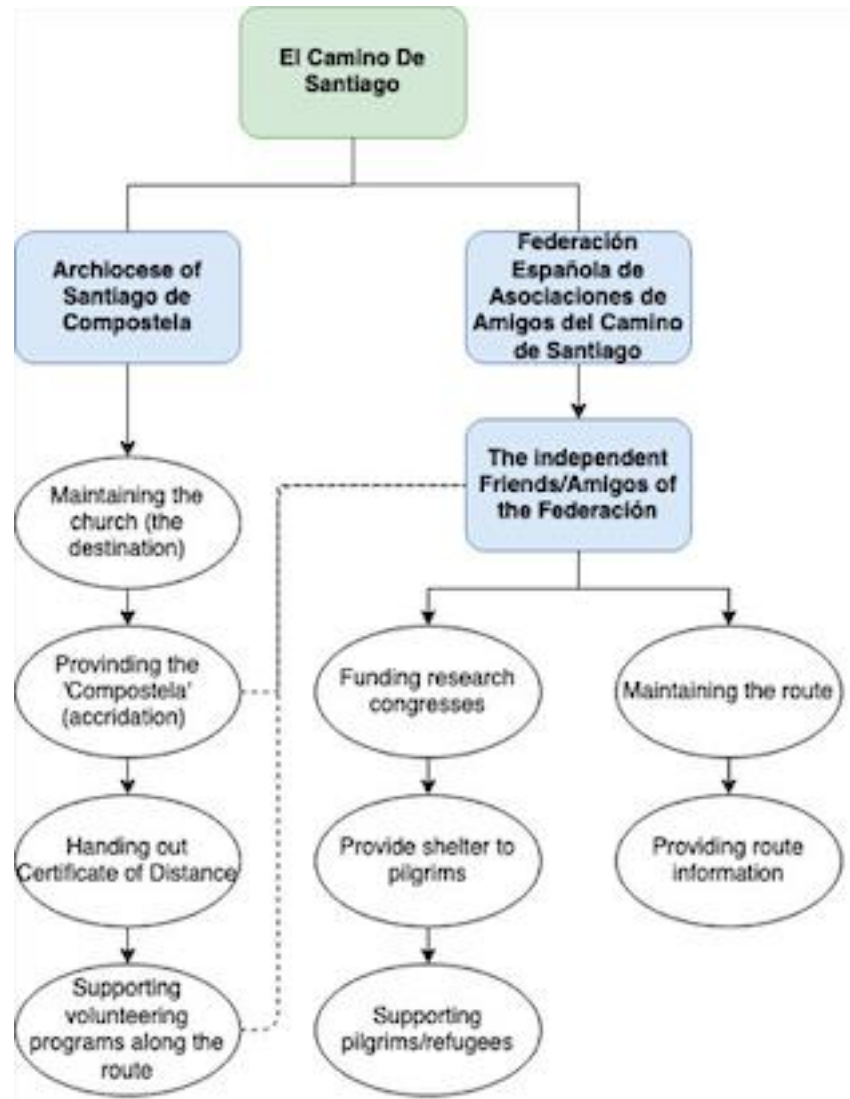


Figure 1: Organizational model of the Camino de Santiago

information about the trail. This support makes it easier for pilgrims to arrive in Santiago de Compostela, which results in more pilgrims making the journey. The sources of income can be divided directly or indirectly into three distinct categories: 1) The Archdiocese of Santiago de Compostela; 2) The Federation of Amigos, and 3) via funding, most arriving from the EU.

Archdiocese of Santiago de Compostela

As shortly mentioned before, the income statement of the church demonstrates a generous profit received from its activities (Archidiócesis de Santiago de Compostela, 2020). Almost 19 million Euro in profit. While the church elucidates its incomes and costs, it does not clarify how much is related to the Camino in any way. However, the pilgrim’s office does mention that 178.912 Pilgrims have completed the route (Oficina del Paragrino, 2021).

Federación Española de Asociaciones de Amigos del Camino de Santiago

The Federación does not publish any income statement, but its revenue can be estimated. According to Fernández (2018), the Pilgrims have spent a total of 61.015.633 Euro and booked a total of 1.220.313 nights in the Galician region of Spain. The report also mentions an average expenditure of 50 Euros a day. The number of nights (1.220.313) divided by the number of pilgrims (178,912) gives the average stay of a Pilgrim in Galicia, which is ≈ 6.8 days.

The number of nights is not only from hostels aligned to the Camino but also private hostels and hotels. On the other hand, this number is based solely on the Galician region and not on the rest of Spain and France. Balanced out, the gross revenue could be at least 50 million euros, and most likely even higher. This number is without the subtraction of product and operating costs of the hostels.

EU

Furthermore, Kissling (2003) states that the European Union funds the route indirectly via its Regional Development and Cohesion Funds, which aims to develop economically depressed regions in Europe. The fund has contributed 78.2% (2.244.319 Euro) for the project 'Renovation and Promotion of the Primitive Way' that cost 2.868.713 Euro in total from 2015 until 2017 (European Commission, 2019).

Another funding program of the European Union, the COSME program, funded 75% (200.704,10 Euro) of a project that cost 267.605,47 Euro from 2012 to 2014. A second round of the same COSME funding program of the European Union contributed 75% (306 439.16 Euro) of a project that cost 408 585.54 Euro in 2018 and 2019 (European Federation of Saint James Way, 2019).

2 Via Francigena

The Via Francigena is a long-distance hiking route that commences in Canterbury in the United Kingdom leads to Rome. The track is 2.000km in length and is centered around the medieval Pilgrimage that showed the way to this city. Modern pilgrims will cross the countries of England, France, Switzerland, and Italy on their journey. In 1994, the hiking trail received the status of Cultural Route from the Council of Europe. The route is comprehended as one of the main itineraries in Europe together with the Camino de Santiago (EAVF, 2022).

2.1. Company structure

The International Association Via Francigena (AIVF) is an NGO founded in 1997 in Switzerland. Later, it transferred its actions and responsibilities to The European Association of the Via Francigena Ways (EAVF). The EAVF saw the light in 2001 and is described as a ‘carrier network’ of the Via Francigena Cultural Route by the Council of Europe in 2007. Since 2017, the legal entity of the EAVF is a limited liability operative structure (Ltd): Francigena Service S.r.l. (EAVF, 2022). Therefore, the organization managing the Via Francigena is not a Non-profit organization but a company.

The EAVF exists out of 200 local authorities and 80 non-profit organizations in the four countries it operates, and has more than 400 private stakeholders in the hospitality and the tourism sector. Figure 2 shows how the organization has three different departments (EAVF, 2022). Interesting to notice is that the structure is different compared to the structure of the Camino de Santiago. numerous stakeholders in all three departments of the organization are allowed to sell the credential for the route.

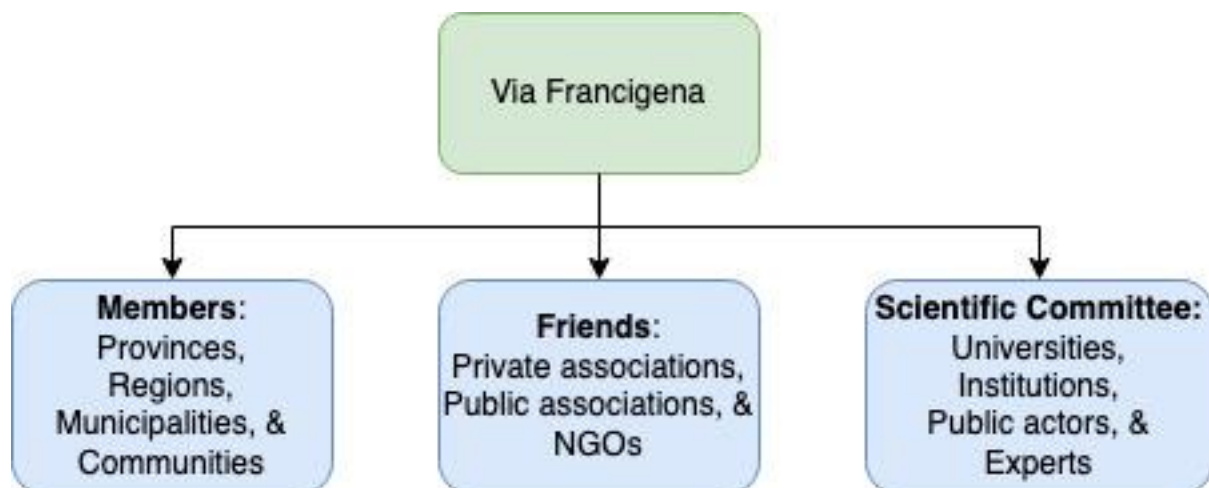


Figure 2: Organizational structure of the Association of the Via Francigena Ways.

2.2. Financials

Via Francigena publishes its balance sheets and income statements on its website each year (Balance sheets, 2020). The document is written in Italian but provides a clear picture of the organization's financial situation. An English translation of the account names is in appendix 1.

Balance sheet

The organization's total assets at the end of 2020 were €548.814,55', and it had a net income after taxes of €85.678,41', which brings the equity to a total of €87.806,03'. It means that the equity ratio of the organization was 0.16 at the end of 2020. If this percentage is sufficient varies per industry, but an equity ratio of 16% is generally low. It is an indication that much of the Assets of the Via Francigena are paid with debt. Comparing the equity ratio with other long-distance hiking organizations is difficult. Most other hiking organizations are NGOs and therefore don't publish any financial statement. Reasons for the low equity ratio of AEV are the cash on the organization's bank account and the low equity accumulation from previous years. Equity can be retained and redefined as cash which changes the balance on the sheet. An indicator that this is happening is due to the low equity of €2.127,62-' from last year (Balance sheets, 2020).

$$1. \text{ Equity ratio} = (\text{Equity} / \text{Assets}) \rightarrow (\text{€}87.806,03 / \text{€}548.814,55) = \mathbf{0.16}$$

The Debt to Assets Ratio helps to indicate the solvency of the company's long-term debt, indicating how much of its assets are funded by debt. Therefore, a ratio greater than one shows that the company has more liabilities than it can cover with its assets. The Via Francigena has a ratio of 0.6, which suggests moderate debt solvency. To get a better picture, the ratio should be compared with its competitors, determining the stance of the organization in the industry (Balance sheets, 2020).

$$2. \text{ Debt to Assets Ratio} = (\text{Debt} / \text{Assets}) \rightarrow (\text{€}326.575,71 / \text{€}548.814,55) = \mathbf{0.60}$$

The Current Ratio is similar to the Debts to Assets Ratio. Nonetheless, this ratio brings light on the company's short-term solvency. The ratio measures the organization's ability to solve its current outstanding liabilities (debts that need to be paid back in less than 12 months). The Via Francigena is financially healthy on its short-term obligations because it can cover its current liabilities with cash to spare. The AEVF's current assets are high because it transfers its equity to cash equivalents each year by stalling it on its bank account. Equity is not part of the current ratio. Furthermore, Via Francigena has 'Compensation Credits' on its list of assets. Compensation credits indicate how much greenhouse gases (CO₂, Methane, etc) an organization can emit. Sustainable organizations producing fewer greenhouse gases can sell the credits to others. The Via Francigena is such a company and is allowed to put the compensation credits it doesn't use as a current asset on the balance sheet. The AEVF has credits to spare with a value of €100.000' - (Balance sheets, 2020).

$$3. \text{ Current ratio} = (\text{Current Assets} / \text{Current Liabilities}) \rightarrow (\text{€}456.824,34 / \text{€}344.486,33.) = \mathbf{1.33}$$

2.3. Income sources

Underneath the balance sheet is the income statement of the Via Francigena, which provides an insight into the income sources of the hiking organizations. The table has two columns, the first column is for the costs and the second is information about the revenue. Table 1 shows income statement's revenue column. This column is divided in; 1) income from normal business activities, 2) other income, and 3) extraordinary income.

Table 1: Revenue column of the AEFV's income statement in 2020.

Nr	Description (Italian)	Description (English)	Amount
900001	Contributi su Progetto	Contributions for the project. (transfer of funds)	€131.684,43'-
900002	Proventi attività commerciali	Profits from commercial activities	€7.750,00'-
900003	Liberalità per l'attività	Donations for the activities	€1.500,00'-
900005	Proventi iva LG.398/91	VAT income	€1.262,30'-
9.00	Proventi da attività tipica	Income from normal business activities	€142.196,73'-
902002	Quote associative	Membership fees	€242.698,75'-
90206	Contributi da enti pubblici	Contributions from public bodies	€190,00'-
902013	Proventi diversi	Different income	€15.181,41'-
902100	Arrotondamenti attivi	Active rounding of currencies	€3,53'-
9.02	Proventi diversi	Other income	€258.073,69'-
904000	Sopravvenienze attive	Contingent assets (possible assets which will be confirmed by future events)	€10.708,85'-
9.04	Proventi straordinari	Extraordinary income	€10.708,85
TOTAL			€410.979,27'-

Remarkable is that most of the revenue comes from membership fees (59%) and contributions for the project (32%). This means that attracting new members and receiving funding are priorities for hiking organizations to expand their organizational activities. Profit from commercial activities, such as selling merchandise, is minimal and only responsible for 1,9% of the organization's income. Income from donations is even lower with 0,4%.

The costs for the Via Francigena are distributed among more elements than its revenue. The biggest costs for the organization are its 'staff' (27.2%) and 'purchase of general supporting services' (25.9%). The second one is costs made to sustain the operational activities. These two combined are more than half of the budget. Furthermore, 'management charges' (22.7%) are contributions paid to other organizations and associates affiliated to the Via Francigena. The 'purchase of various services' (17%)

are a significant cost post as well since the reimbursement of the direction is more than €27.000'-. These four elements together are 90% of the total spending of the Via Francigena.

Table 2: Column of operating costs of the AEFV in 2020.

Nr	Costi (Italian)	Costs (English)	Amount
8.02	Acquisto beni di supporto generale	Purchase of supporting goods	€2.829,34'-
8.03	Acquisto servizi per attività	Purchase of services by activity (Reimbursement, translation costs, collaboration costs)	€55.310,69'-
8.04	Acquisto servizi per raccolta fond	Purchase of services for fund collection	€16.326,85'-
8.05	Acquisto servizi di supporto gener	Purchase of supporting services (Consultation, portal web assistance, reimbursements)	€84.221,55'-
8.06	Personale per l'attività	staff	€88.746,60'-
8.10	Ammortamenti beni materiali	Depreciation of tangible assets	€1.040,58'-
8.11	Oneri diversi de gestione	Various management charges (contributions to other associations/organizations)	€73.954,55'-
8.12	Oneri finanziari	Financial charges (cost of borrowing money: transaction fees, interest)	€500,02'-
8.13	Oneri straordinari	Extraordinary expenses	€1.352,68'-
8.14	Oneri tributari	Tax charges	€1.018,00'-
TOTAL			€325.300,86'-

3 Conclusion

The method how the two organizations are structured are different from each other. This is because the Camino is a unique case in hiking-route management due to the significant influence from the church of Santiago. Most hiking routes and pilgrimages are more associated with hiking than with religion, such as the Via Francigena. But the Camino de Santiago remains as a religious destination for many people.

Regarding the financials, not many hiking organizations publish their books. Therefore, the numbers are mainly based on the financial information of the organization behind the Via Francigena. The primary income sources of the Via Francigena are membership fees and income from contributions/fund from institutions. Together, they contribute 91% to the revenue of the Via Francigena. The cost picture shows that most costs are made to sustain the operating activities of the whole organization. Maintaining the route is not explicitly mentioned in the financial statements.

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