

# AccountAble™

Filling Up FC 3-Basics

Issue # 20; Sep-01; Revised & released: May-02

## In this Issue

|  |          |
|--|----------|
| What is FC-3.....                                  | 1        |
| Who should file FC-3 .....                         | 1        |
| FC-3 Form revised (Jul-01).....                    | 1        |
| <b>Filling the Form.....</b>                       | <b>1</b> |
| Heading 1: Association's Details .....             | 1        |
| Heading 1A: Interest etc.....                      | 2        |
| Heading 2: Purpose-wise Receipt & Utilisation..... | 2        |
| Heading 3: Bank Details .....                      | 3        |
| Heading 4: Donor Details .....                     | 3        |
| Heading 5: Country-wise Receipts.....              | 4        |
| Declaration .....                                  | 4        |
| <b>CA Certificate.....</b>                         | <b>4</b> |
| <b>FC-3 Annexures.....</b>                         | <b>4</b> |

## What is FC-3

### *The Annual Return of Foreign Contribution*

If a foreigner or foreign agency gives you any funds or material (including assets) as a grant, it is known as 'foreign contribution'.



Form FC-3 is a disclosure of all such grants. It also gives details of utilisation of such funds.

### Who should file FC-3

FC-3 should be filed by organisations that are registered under FCRA or have obtained prior permission to receive foreign funds. The form should be sent by registered post to:

The Secretary, Govt. of India,  
Ministry of Home Affairs,  
(Internal Security Wing, FCRA),  
Jaisalmer House, 26, Mansingh Road,  
New Delhi – 110 011  
(Phone: 24617087, 23383075, 23071170)

### Due Date

Each year the form should be prepared for the period beginning 1st April to 31st March of following year. The form should be posted early to reach FCRA Department by 31st July.

### File it Each Year

If you are registered under FCRA, you should file this form every year – whether you have received any funds that year or not. If you have not received or utilised any contribution, your FC-3 will be filed as 'Nil Return'.

If you have received foreign funds after getting prior permission, you should continue filing FC-3 till these funds are fully utilised.

### FC-3 Form revised (Jul-01)

Form FC-3 has been revised four times since March '91. The latest revision was done in July 2001 [MHA notification # G.S.R.557(E) dated 26-Jul-01].

## Filling the Form

Fill form FC-3 in triplicate at least. Two copies are for dispatch to FCRA and the third is for office record. Extra photocopies should be made later for dispatch to the funding agencies.

### Year

On top of the form, give the year for which the form is being filled. For example, in case of year 2001-02, you will write "Account of foreign contribution of the year ending on 31<sup>st</sup> March 2002".

### Heading 1: Association's Details

#### Item (i): Name & Address

Fill the name and registered address of the association in block letters (CAPITALS).

### Item (ii): FCRA Registration

Fill the FCRA registration number and the date of registration at the top. This information is taken from the FCRA registration certificate.

### Item (iii): Prior Permission

You have to fill this if you are not registered under FCRA, but have taken specific prior permission from FCRA for receiving foreign contribution.

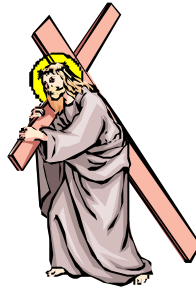
Give the number and date of FCRA's prior permission letter for this grant. If you have received more than one grant during the year under two separate prior permission letters, give reference of both the letters.

### Item (iv): Nature of Association

Here you should normally tick in front of 'social' or 'educational'. If your association is any of the other, you should tick 'Cultural', 'Economic' or 'Religious', as the case may be.

### Item (v): Religious

If you ticked 'religious' in item (iv), here you should also tick whether the association is 'Hindu', 'Muslim', 'Christian', etc. Again, you should tick in front of the relevant option. If you tick 'others', then you should write which religion (Bahai, Parsi, etc.).



## Heading 1A: Interest etc.

### Item (i): Foreign contribution

Show total foreign contribution received during this year.

### Item (ii)(a): Interest on FCRA bank account

Show interest credited by bank on the FCRA bank account here.

### Item (ii)(b): Other interest

Show interest on investments here. This includes fixed deposit receipts also.

## Heading 2: Purpose-wise Receipt & Utilisation

This is the most important heading of form FC-3. Information to be provided under this

heading has been split into two heads: one for Cash and another for Kind<sup>1</sup>.

All the information of previous balance available, receipts during the year, funds utilised and balances at the end have to be segregated into cash and kind.

The table given under this heading has five main sections (columns):

? Purpose (column 2)

? Previous Balance (columns 3 – 4)

? Details of Receipts (columns 5 – 9)

? Utilisation (columns 10 – 11)

? Unspent Balance (columns 12 – 13)

### Column 2: Purpose

This column gives a list of 56 'purposes' for which the money may have been received and utilised. The last purpose (56<sup>th</sup>) is for activities, which may not be covered by the other 55.

### Classifying your expenses

Some objects in form FC-3 overlap each other. Still, this table helps FCRA Department analyse the flow of foreign funds into India. You should, therefore, try and choose the most specific item wherever possible. For example, if you are providing some technical training to the villagers, then this should be classified under 'Vocational/technical training' and not under 'rural development'.

Also keep a copy of the worksheet showing how you have grouped your ledger heads to arrive at the figures in FC-3.

### Columns 3, 4: Previous Balance

The previous year balance column is subdivided into two: one shows the balance in cash and the other shows balance in kind. In this column you have to show the closing balances (unspent balances) brought forward from the previous year.

You will find these balances in your FC-3 of the previous year. If you do not have any opening balance under a particular item, just say 'Nil'.

<sup>1</sup> Physical items or material

## Columns 5 to 9: Receipts

This section has several columns. There are three main sub-sections: 'As first recipient', 'As second / subsequent recipient' and 'Total'.

### First Recipient

For each receipt, check whether you have received it directly from the foreign donor or not. If yes, you will be known as 'first recipient'. You will then show the particular receipt in the 'first recipient' column.

### Second Recipient

If you have received your funds through another FCRA registered NGO, then you become a 'second / subsequent recipient'. You should then show this receipt in the column for 'second recipient'.

## Columns 5 & 7: Receipts in Cash

Most grants come in by cheque. However, some small donations may be in the form of currency or coins. All such grants or donations should be shown in the 'cash' column (either column 5 or column 7). Take the figure of receipt from your FCRA Receipts & Payments Account.

## Columns 6 & 8: Receipts in Kind

Sometimes donors give material or assets instead of funds. These are also foreign contribution.

Such items may be vehicles, blankets, food, oil, medicine, computers etc.



All such receipts have to be reported here at estimated value.

## Column 9: Total Receipts

This column is a total of columns 5, 6, 7, and 8. Remember not to add up column 3 and 4 when you write the total here.

## Columns 10 & 11: Amount Utilised

The funds utilised during the year should be shown in column 10. Pick up the figures from your FCRA Receipts & Payments Account.

If you have received materials<sup>2</sup> also, show the utilisation of these items in column 11 as utilised in kind.

## Columns 12 & 13: Balance

Show the unutilised balance for each item. This should be shown separately for cash and for kind.

### Add Up the Columns

Now add up each column and write the total of the column in the last row.

The total of last two columns (12 and 13) will give you the Total Unutilised Balance with you at the year-end.

## Heading 3: Bank Details

Under FCRA rules<sup>3</sup>, you can receive FCRA funds and keep them only in one separate bank account. This bank account number is also given in your FCRA registration certificate. This rule also applies to prior-permission cases.

You should give your FCRA bank account<sup>4</sup> number, name of the bank and address with PIN code (of the branch) here.

## Heading 4: Donor Details

Give the details of the donors (who have given foreign funds or materials) here. Donors are sub-divided into three categories:

### (i) Institutional Donors

All grant-making agencies (and other organisations, such as companies) fall into the category of Institutional Donors.

All grants, whether large or small, from such donors should be included here. Examples of such donors are Actionaid, Diakonia, CRS, CCF, Ford Foundation, Oxfam, SDC, Sida etc.

<sup>2</sup> You have to maintain FC-6 for these. See AccountAble 58: Maintaining FC-6

<sup>3</sup> section 6(1)(b), rule 8(1)(b)

<sup>4</sup> For practical reasons, you may need to open another bank account in the field area (and transfer FCRA funds) for use over there. FCRA law does not allow this. However, in practice, sometimes FCRA authorities do not object to this if the reasons are genuine.

Some Indian Agencies like CAPART or CRY may also give you funds from their FCRA account. In such a case, their grant should also be listed here.

Name & address of the donor should be written in column 3. Purpose of each grant is to be given in column 4.

Each instalment from the donor agency is to be listed separately along with purpose, date and amount.

### Second Recipient

If you have received funds as second recipient, these grants also have to be listed here. In such a case, give the name and address of the Indian agency / NGO through whom you have received the funds. Particulars of the original donor do not have to be given.

### (ii) Large Individual Donors

If you have received funds/ material which add up to more than Rs.1 Lakh in a year from an individual (person) donor, then you should list such donors here. Name and address of such donors should be given in column 3.

In this case also, all instalments should be listed separately. Give purpose, date and amount under columns 4, 5 and 6.

### (iii) Small Individual Donors

If grants from an individual (person) donor add up to less than Rs.1 lakh in a year, the donor is known as 'small individual donor'. Such donations should be shown here.

## Heading 5: Country-wise Receipts



At the end, give a summary of the foreign contribution country-wise. Each country should be shown in a separate line. If you have received the funds from a foreign agency's Indian Office, show the country where the Head Office is situated<sup>5</sup>.

<sup>5</sup> Only if the Indian office of the Donor is not registered under FCRA

## Declaration

The form has to be signed only at one place (i.e. under the declaration statement) by the Chief Functionary. The seal (rubber stamp) of the NGO should also be put.

## CA Certificate

This certificate should be given by a Chartered Accountant (preferably your auditor). He/she should indicate his/her name, address and *registration number*. He/she should also put the seal of his/her firm on the form. The same person should also sign the FCRA Receipts and Payments Account and FCRA Balance Sheet in the same manner.

## FC-3 Annexures

Under rule 8 (2), two accounting statements should be annexed to the form FC-3. These are: FCRA Receipts & Payments Account, and the FCRA Balance Sheet. Again at least three copies should be obtained - two for dispatch to the FCRA authorities along with FC-3, and one for the office record. Make extra photocopies for dispatch to the funding agencies.

**What is AccountAble:** 'AccountAble' covers a different topic related to NGO regulation or accounting each month and is mailed to about 900 persons in NGOs, Agencies and audit firms. AccountAid encourages reproduction or re-distribution of 'AccountAble' in workshops or NGO newsletters for non-commercial use, provided the source is acknowledged.

**Interpretation of law:** Interpretation of law given here is of a general nature. Please consult your advisors before taking any important decision.

**AccountAble on the Web:** Many of past issues of 'AccountAble' are available on our web-site [www.accountaid.net](http://www.accountaid.net).

**AccountAble by e-mail:** You can also get your complimentary copy of 'AccountAble' regularly by e-mail. For this send an e-mail to [accountaid@vsnl.com](mailto:accountaid@vsnl.com).

**Complimentary advice to NGOs:** AccountAid provides complimentary advice on these issues to all implementing NGOs.

Your questions, comments and suggestions can be sent to AccountAid India, 55-B, Pocket C, Siddharth Extension, New Delhi-110 014; Phone: 011-2634 3128; Ph. /Fax: 011-2634 6041; e-mail: [accountaid@vsnl.com](mailto:accountaid@vsnl.com); [accountaid@gmail.com](mailto:accountaid@gmail.com)

© AccountAid™ India 1996-2002