

AccountAble™

Intricacies of FC-3 (Part-2)

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In this Issue

Bank Details	1
Table 4: Donor Details	1
Box Collections	1
Small Individual Donors.....	1
More on Individual Donors	2
Table 5: Country Chart	2
Country-wise Receipts	2
Donation Box Collections	2
From Another Indian Agency	2
Reconciliation	2
Tables 2 and 4	2
Table 2: Cross-check Unutilised Balance in Cash.....	2
Table 2: Cross-check Balance in Kind	2
Closing Items	3
Signing FCRA Accounts	3
1. Balance Sheet	3
2. Receipts & Payments	3
CA Certificate	3
Accounting Standards	3
Proof of posting	4
Copy to Donors	4
Filing Nil FC-3.....	4
Penalty for not filing FC-3.....	4
Concealing Information	4
Revising your FC-3.....	4

Continued from AccountAble 72....

Bank Details

For practical reasons, you may need to open another bank account in the field area (and transfer FCRA funds) for use over there. The position regarding this practice is not very clear. Sometimes FCRA authorities do not object to this if the reasons are genuine.

Table 4: Donor Details

Box Collections

If you are keeping donation boxes at airports, shopping centres etc. you may receive foreign donations also. Such donations may be in Rupees or in foreign currencies.

There is no way of making out how much of the collection is from foreign donors and how much from Indian. Indians settled abroad might drop dollar notes into the box; foreign tourists may drop surplus Rupee notes in the box.



In such a situation, the only practical solution is to treat all foreign exchange collections as foreign contribution. This should be deposited into the FCRA bank.

In case of Rupee collections, you can think of treating 50% as foreign contribution and balance 50% as Indian. While there is no circular or guideline on this, this appears to be the only logical option.

All foreign collections should be lumped together and shown as one entry in the table under 'individual donors below 1 lakh'. In such case the purpose shown (in column 4) can be your organisation's main purpose (e.g. '18. Help for poor, aged or destitute' or '24. Welfare of women and children').

Small Individual Donors

Donations below one *lakh*, from an individual donor, are known as small donations. There is no need to give name of each donor. Date and month of receipt also should not be filled in this case.

However, if you want, you can summarise these donations according to the purpose of the donation. Such a summary may look like the following:



Sl. No.	Inst./ Individual/ Other Donors	Name & Address	Purpose	Date & Month of Receipt	Amount in Rs.
1	-	-	Schools	-	3,25,251
2	-	-	Gaushala	-	2,67,762
3	-	-	Corpus	-	1,50,675
			Total		7,43,688

More on Individual Donors

These donors may be sending you money by cheque or in cash (when they visit you). You should note down their names and addresses while issuing a receipt. If possible (and without offending the donor), also take down the passport number, country of issue¹ and expiry date.

Table 5: Country Chart

Country-wise Receipts

Donation Box Collections

In case of donation box collections, show the country as 'not known'. In case of bank interest, revolving fund recoveries etc., show the country as 'India'

From Another Indian Agency

Where you have received the funds from another Indian agency / NGO as second recipient, show the country as 'India'. In brackets, you can say 'second recipient status'.

Reconciliation

Tables 2 and 4

Add up all the cash and cheque grants / donations listed in Table 4². These should be the same as grant receipts (in money terms) shown in the FCRA Receipts and Payments Account. Crosscheck the total

¹ Needed to fill up the country chart.

² Donor details

receipts (including materials grants, with the total receipts shown in column 9 of Table 2 also).

However, you may find a small difference in these two figures.

This may be because some inflows can not be classified under any of the three donor categories. The earlier category of 'others' has now been deleted.

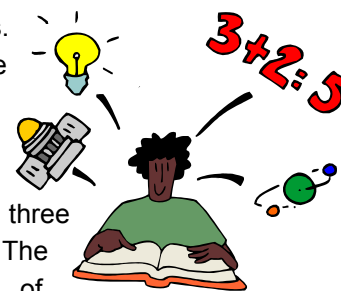


Table 2: Cross-check Unutilised Balance in Cash

The unutilised amount (total of column 12) should be cross-checked with the FCRA Balance Sheet also, as shown below:

Start with FCRA Bank Balance
Add: Cash in hand
Add: Fixed Deposits
Add: Advance to staff / Imprest
Add: Advances to suppliers
Add: Any loan to Indian section
Less: Loans taken from others
Less: Loan from Indian section ³
Should be equal to total of column 12	<u> </u>

The resulting figure should tally with the unutilised amount in column 12. If you wish you can attach a copy of this calculation to your FC-3.

Table 2: Cross-check Balance in Kind

Similarly the unutilised balance in kind (total of column 13) should be cross-checked with the total balances shown in FC-6 register.

For this prepare a summary of FC-6 sheets showing the balance on 31st March. Add

³ Including amount used to open the bank account

this up. This should tally with total of column 13.

Closing Items

Signing FCRA Accounts

The FCRA Receipts & Payment Account and Balance Sheet have to be attached to FC-3.

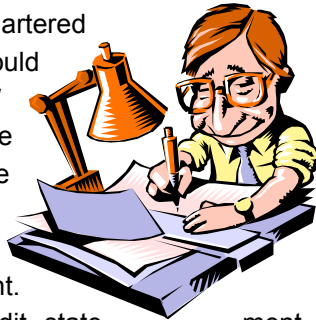
1. Balance Sheet

This should show position of accounts as at 31st March. It should be prepared from accounts maintained for FCRA.

2. Receipts & Payments

The Statement of Receipts & Payments should reflect all receipts of foreign grants / FCRA receipts (cash/ cheque). The payments side would reflect all payments made out of FCRA funds (including purchase of assets, creation of revolving funds, loans, advances etc.).

A practising Chartered Accountant should sign both. He / she would put the firm's seal, name and signatures under a suitable audit statement.



Normally, the audit statement would be "As per our separate report of even date in Form FC-3 attached".

Chief Functionary should also sign both the Annexures.

CA Certificate

The auditor also has to certify the figures of opening balance, receipts during the year and closing balances. These figures appear in the certificate at end of form FC-3. The opening balance should be taken from the previous FC-3. Receipts during the year include currency⁴ as well as material⁵. These three figures should also match table 2 as follows:

⁴ Taken from receipts & payments account

⁵ Taken from FC-6

FC Figure in certificate	Should match with Table 2
Brought forward – at the beginning of the year	Total of columns three & four
Received during the year	Total of column 9
Unutilised balance at the end of the year	Total of columns 12 & 13

The auditor is also free to give any clarificatory notes or qualification in the certificate.

Accounting Standards

If the NGO has any income generation project⁶, then the following Accounting Standards should be considered when preparing FCRA accounts⁷:

AS	Title	Effective Date
AS-1	Disclosure of Accounting Policies	1-Apr-93
AS-2	Valuation of Inventories	1-Apr-99
AS-3	Cash Flow Statements	1-Apr-01
AS-4	Contingencies and events occurring after the Balance Sheet Date	1-Apr-95
AS-5	Net Profit or Loss for the period, Prior Period Items and changes in Accounting Policies	1-Apr-96
AS-6	Depreciation Accounting	1-Apr-95
AS-7	Accounting for Construction Contracts	1-Apr-93
AS-8	Accounting for Research and Development	1-Apr-93

⁶ Refer ICAI clarification titled 'Accounting Standards for NGOs'; The Chartered Accountant, Sep-95, Page 79

⁷ Receipts & Payments Account and Balance Sheet

AS	Title	Effective Date
AS-9	Revenue Recognition	1-Apr-93
AS-10	Accounting for Fixed Assets	1-Apr-93
AS-13	Accounting for Investments	1-Apr-95
AS-15	Accounting for retirement benefits in the Financial Statements of Employers	1-Apr-95
AS-18	Related Party Disclosures	1-Apr-01
AS-19	Leases	1-Apr-01

Proof of posting

Keep the proof of posting (Post Office receipt) carefully on file. This comes in useful if you receive a letter from FCRA for non-filing of return.

Copy to Donors

After filing the form FC-3, send a copy (with Balance Sheet and Receipts & Payments and other Annexures) to your Funding Agency's local office, according to their reporting requirements.

Filing Nil FC-3

You are required to file the FC-3 even if you have not received any foreign contribution during the year. In such cases also, the Balance Sheet and Receipts & Payments Account should be attached to the FC-3.

Penalty for not filing FC-3

What happens if you do not file FC-3? The law on this is fairly strict: your FCRA registration can be cancelled, you can be fined and you can also be sent to prison⁸.

However, in practice, the FCRA department treats these cases rather benevolently⁹. The NGO in default is given several chances to file the FC-3. If there is no response from the NGO despite follow-up,

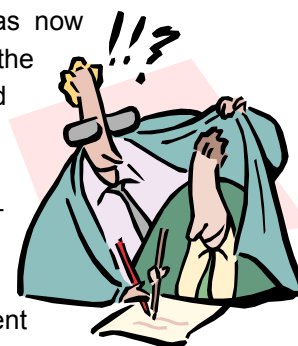
⁸ See AccountAble 29: item 8

⁹ Only about 70% NGOs file FC-3 regularly.

then the department proceeds to cancel the FCRA registration.

Concealing Information

FCRA department has now added a warning at the end of Table 2. Read this carefully before you sign the form FC-3 – any concealment or falsification may prompt the Department to initiate 'appropriate action'.



While the Department does not say here what 'appropriate action' can be taken, this includes suspension / cancellation of registration, fine and jail¹⁰.

Revising your FC-3

If you make a mistake in your FC-3, then you can revise it and file it on your own¹¹. Send a covering letter with the revised FC-3 explaining the reason for revision.

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¹⁰ See AccountAble 29: item 9

¹¹ Balance Sheet and Receipt & Payment Account should also attach