

Annual Report 2016-17



fmsf

Financial Management Service Foundation

ACCOUNTABILITY HOUSE, A-5, Sector-26,

Noida, UP- 201301

MESSAGE FROM THE EXECUTIVE DIRECTOR'S



It is a joy to present the annual report for the year 2016-17. This has been another eventful year for us at FMSF. Our two core areas of intervention are financial monitoring and capacity building. During this year, all activities and events have been planned and implemented along these two core areas, with adherence to the tenet of promoting accountability. FMSF has accompanied 155 BftW projects and organized 7 workshops on Governance, Legal Compliance and Project Financial Management for our BftW partner organizations. Significantly, many of the pre-funding assessments were taken during this year.

One of the key highlights of the year was “Consultation on Inclusion of VOs in Lokpal & Lokayukta Act 2013 “, wherein all our stakeholders, key leaders of voluntary sector participated and discussed on the applicability of Lokpal in VOs. The year 2016-17 has been very enriching for us and I would like to thank my entire staff team for their hard work. A special thanks to our Board members for their guidance. In addition, I would like to thank all our partners, associates and well-wishers for their continued support and faith in FMSF. BftW has been a source of constant support and we are grateful.

With this, I present the Annual Report for the year 2016-17 & thanking all our development partners who are with us throughout this journey.

Dr. Sanjay Patra

Executive Director, FMSF

CONTENTS

CONTENTS

ABOUT OUR ORGANIZATION	4
BOARD OF TRUSTEES.....	6
OUR PROGRAMMES.....	7
FINANCIAL MONITORING.....	10
CAPACITY BUILDING	18
RESEARCH, PUBLICATIONS & INFORMATION DISSEMINATION	24
GOVERNANCE.....	29
FINANCIAL INFORMATION	34

List of tables

Table 1: Pre-funding assessments in 2016-17	17
Table 2: Workshops organized by FMSF for BftW partners organizations	25
Table 3: Workshops facilitated by FMSF for BftW & Non-BftW partners organizations	26

List of Charts

Chart 1: Audited financial reports & progress reports in 2016-17	20
Chart 2: New projects & closed projects in 2016-17	20
Chart 3: Publications disbursed during 2016-17	33

List of Figures

Figure 1: Five components of Capacity Building	24
Figure 2: Details of paper & faculties for DFMA programme	28
Figure 3: NPO Governance Programme modules	29
Figure 4: INTERface Volume XVI, Issue 1	33
Figure 5: List of FMSF websites	35
Figure 6: FMSF Team	41

ABOUT OUR ORGANIZATION

VISION

“We aspire for a reality in development cooperation where there will be overall and wholistic accountability among all the constituencies.”

MISSION

- *Enhancing the capacity of partners and development stakeholders in financial management & governance*
- *Advocating social accountability through networking and influencing policies*
- *Research & information dissemination*

CORE VALUES

- *Accountability - Our accountability to the constituency we seek —to serve*
- *Transparency - To be transparent in our actions*
- *Humaneness - Accounting practices with a human touch*
- *Sensitivity - Sensitive to development issues & programmes*

Financial Management Service Foundation (FMSF) is a development resource organization. Since January 1995, FMSF has been involved in providing support to NGOs in the fields of financial management, legal regulations and governance.

In order to capacitate organizations in the voluntary sector, the activities of FMSF focus on two core strategic areas-

- financial monitoring of development projects
- capacity building of organizations in the voluntary sector

FMSF also takes up research work on financial management, legal compliances, governance and risk management, issues that are of paramount significance to the voluntary sector. FMSF strengthens and updates its research base with the help of a dedicated 'research team'. As a result of these initiatives, FMSF has an enriched database that is continuously shared with voluntary organizations through workshops, trainings and publications.

FMSF propagates and works towards promoting accountability. Thus, all programmes and activities of FMSF are aligned with a thrust upon promoting accountability.

BOARD OF TRUSTEES

The Board of Trustees is apex decision-making body and seeks to ensure that the affairs of the organization are in line with its vision, mission and objectives. Our Board of Trustees comprises of highly talented and multi-skilled individuals from diverse professional backgrounds.



**Ms. Rosemary Viswanath,
Chairperson
Independent Consultant -
Organization Change and
Development**



**Rev. C.B. Samuel,
Trustee
Mentor & Leadership Coach**



**Dr. Vidya Rao,
Trustee
Former Prof. of the Department of
Social Welfare Administration
TISS, Mumbai**



**Prof. Virginus Xaxa,
Trustee
Academician and Scholar of
Sociology**

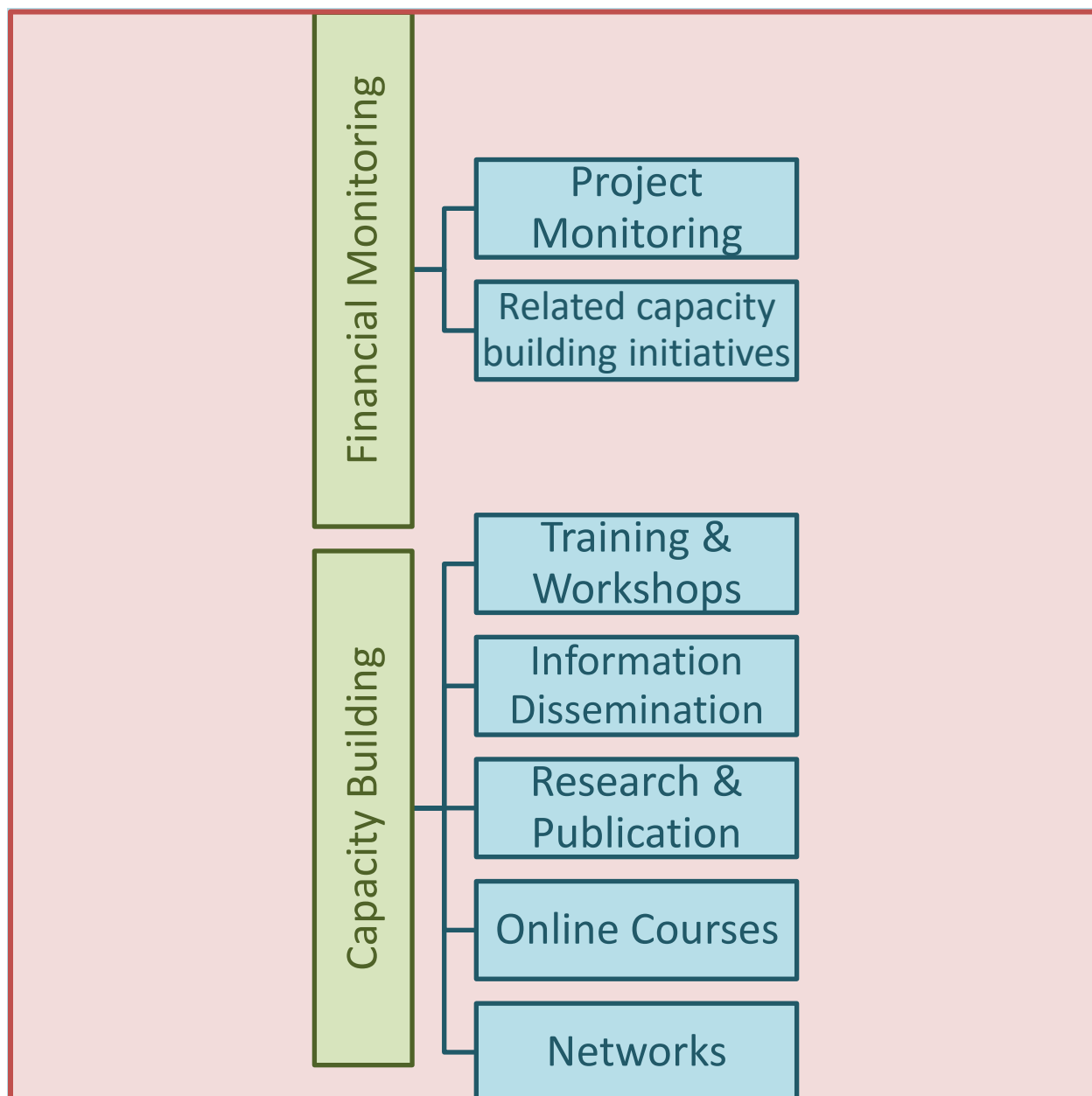


**Ms. Anuvinda Varkey,
Trustee
Executive Director of Christian
Coalition for Health**



**Rev. Roger Gaikwad,
Trustee
General Secretary of National
Council of Churches in India**

OUR PROGRAMMES



The objectives of FMSF's programmes are:

- To undertake financial monitoring of the BftW projects by developing close interaction with partner organizations & ensuring regular submission of financial & progress reports; by facilitating timely & regular transfer of funds to the projects as well as develop systems & procedures to ensure timely closure of projects.
- To enhance the organizational capacity of the BftW partner organizations in the areas of financial management, legal compliance and related governance as well as develop good accountable practices.

Towards promoting accountability...



FINANCIAL MONITORING

One of the core areas of FMSF intervention is in the financial monitoring of BftW supported development projects. The overall objective of financial monitoring is to facilitate the development process by enhancing capacities of partner organizations and institutionalizing effective systems and processes.

FMSF pursues financial monitoring of BftW projects by:-

- Developing close interaction with partner organizations;
- Ensuring regular submission of financial & progress reports;
- Facilitating timely & regular transfer of funds to the projects;
- Developing systems & procedures to ensure timely closure of projects.

Activities undertaken by FMSF as a part of its monitoring process are:

- Analysis of organizational profile and institutional audit report
- Pre-funding assessment, if applicable
- Receipt & verification of the basic documents
- Cash flow planning
- Verification & processing of request for funds (ROF) and acknowledgement of receipt
- Receipt & analysis of reports (financial & progress reports)
- Preparation of PME sheets
- Analysis of the budget revision
- Analysis of partners evaluations and follow-up
- Mid-term assessment of projects
- Regular communication with BftW, partner organizations and auditors
- Partner visits
- Closure of project

Table 1: Pre-funding assessments in 2016 - 17

Pre-funding assessments in 2016-17		
Date	Name of the Organization	Place
April 2016	DBRC	Guntur, India
April 2016	Prayatn Sansthan	Jaipur, India
May 2016	EKTA	Koraput, India
May 2016	Manab Kallyan Parishad	Thakurgaon, Bangladesh
May 2016	Research Initiatives of Bangladesh	Dhaka, Bangladesh
June 2016	CIVIC	Bangalore, India
June 2016	Pollisree	Dinajpur, Bangladesh
June 2016	Unnayan Dhara	Jennaidah, Bangladesh
July, 2016	LI-BIRD	Pokhara, Nepal
July 2016	Nagarik Aawaz	Lalitpur, Nepal
October 2016	PEACE	New Delhi, India
November, 2016	NPG	Chitwan, Nepal
December, 2016	EUWO	Trincomalee District, Sri Lanka
December, 2016	NAFSO	Sri Lanka

January 2017	Centre for Equity Studies	New Delhi, India
February, 2017	Sama	New Delhi, India
March 2017	Swadhikar	New Delhi, India
March, 2017	WLF	Secunderabad, India
March, 2017	IDSN	Copenhagen, Denmark
March, 2017	AMARC	

3.1.1. Analysis of organizational profile and Institutional audit report

FMSF has been vested with the responsibility of analysing the organization profile. During the new project phase proposal, the organizational capacity and strengths of the existing partner organization are assessed. This is done by analysing the organizational profile, various policies and last three years' Institutional Audit reports by the respective programme monitoring officer. The analysis helps in providing information on the overall financial position of the organization, the internal processes and various policies that govern the organization. The outcome of the analysis is shared with the Programme Manager, the Head Programme Desk and the Executive Director before it is sent to BftW. Thus, this becomes the basis for providing monitoring and support to the partner organization.

3.1.2. Pre-funding assessment

Pre-funding assessments for projects which are in the pre-approval stage are undertaken by FMSF. The key areas or various aspects of organization which are reviewed during the assessment are:-

- Financial systems and procedures,
- Governance processes,
- Internal control mechanisms and
- Legal compliances.

The above areas are reviewed, key observations are documented and pre-funding assessment report is prepared within one week of the completion of the assignment. FMSF has developed a pre-funding assessment checklist wherein all the observations are documented. It provides rating based on the analysis of observations in various areas such as board & governance, financial systems, internal controls, and legal compliances. The report is further shared with the Programme Manager, the Head Programme Desk and the Executive Director before it is sent to BftW.

During the current period, 20 pre-funding assessments were conducted by FMSF. The details of these pre-funding assignments are provided in *Table 1 given on the left page.*

Chart 1: Audited financial reports & progress reports in 2016-17

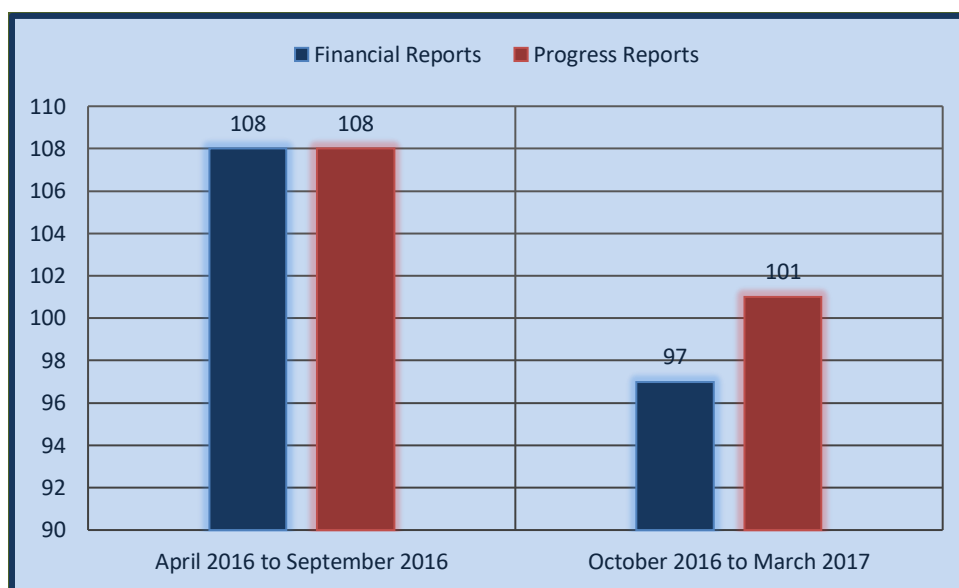
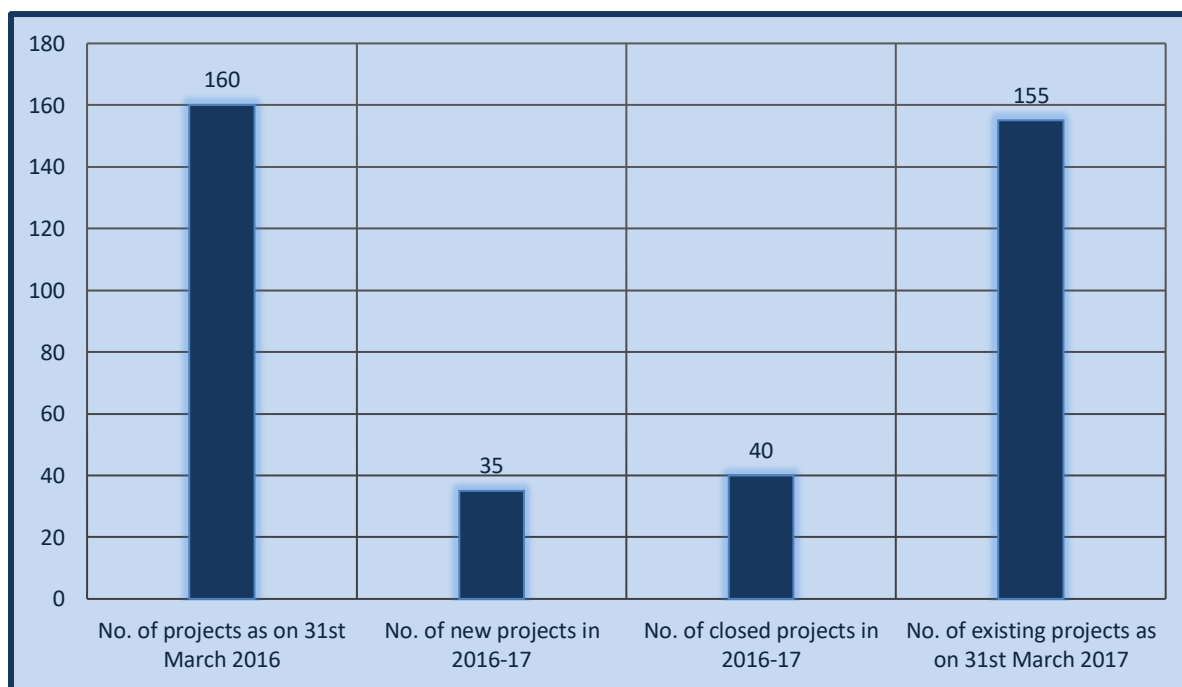


Chart 2: New projects & closed projects in 2016-17



3.1.3. Receipt & analysis of reports

During the period from April to September 2016, we received 108 audited financial reports and 108 progress reports and in the period October 2016 to March 2017, we received 97 audited financial reports and 101 progress reports. Thus, during the reporting period, FMSF received 205 audited financial reports and 209 progress reports. Out of these, the number of projects for which both the audited financial reports and progress reports were received was 119. *Refer Chart 1, given on the left of this page.*

During the reporting period, some new projects were started, while some old projects came to an end. In the year 2016-17, 35 new projects were taken up and 40 old projects were closed. As on 31st March 2017, FMSF monitors 155 BftW supported projects. *Refer Chart 2, given on the left of this page.*

3.1.4. Partner visits

FMSF also undertakes regular visit to partners for monitoring and support purposes. During such partner visits various project related issues, are discussed and critical issues if any are resolved. During these visits, issues pertaining to reports; fund utilizations; fund request; cash flow, etc. are shared by the partners and FMSF provides information and suggestions based on BftW standards. Sometimes, the monitoring officer also visits areas where the programme is actually being implemented. This helps the monitoring officer relate better with the progress of the projects monitored by them. In 2016-17, the number of partners that were visited was 72.



3.1.5. Pool of auditors

FMSF has created a pool of experienced auditor, in order to increase the quality of project audit and to encourage partners to rotate the auditors. FMSF continuously works to enhance this pool with experienced auditors by regularly updating them on the BftW requirements and other financial and legal issues related to the voluntary sector. Currently, the pool comprises of 93 auditors.

3.1.6. Internal systems & tools

i. Internal monitoring software

The internal monitoring software is a centralized database system. It was designed in 2011 to standardize the internal project monitoring processes, streamline the internal processes and enhanced quality at all levels. This web-based application is provides real-time global and individual project status reports and helps to manage and track the BftW project monitoring processes such as receipt of reports, preparation of PME sheets, cash flow, etc.

ii. Capacity building software

The capacity building initiatives are managed through Capacity Building software. It was developed in 2013, to implement the workshops and events in the following manner:

- Storing data such as resource materials, participant lists and feedback sheets from various workshops
- Sending invitations for workshops to the participants directly

The capacity building software is inter-linked with the monitoring software; partner-wise issues are picked up and addressed more effectively. Another benefit of this software is that the data stored in this software can be easily accessed from anywhere online.

3.1.7 Self-assessment rating tool for NPOs (www.rateyourngo.org)

FMSF has developed a web based rating tool to assess the status of an organization in the areas of Governance, Management, Finance and Program. This internal assessment tool aims to strengthen the internal systems by

diagnosing risks and determining the effectiveness of actions taken after a rating. The web-based, self-assessment, modular rating software, ‘www.rateyourngo.org’ developed in 2013 is accessible to all organizations who wish to rate themselves.

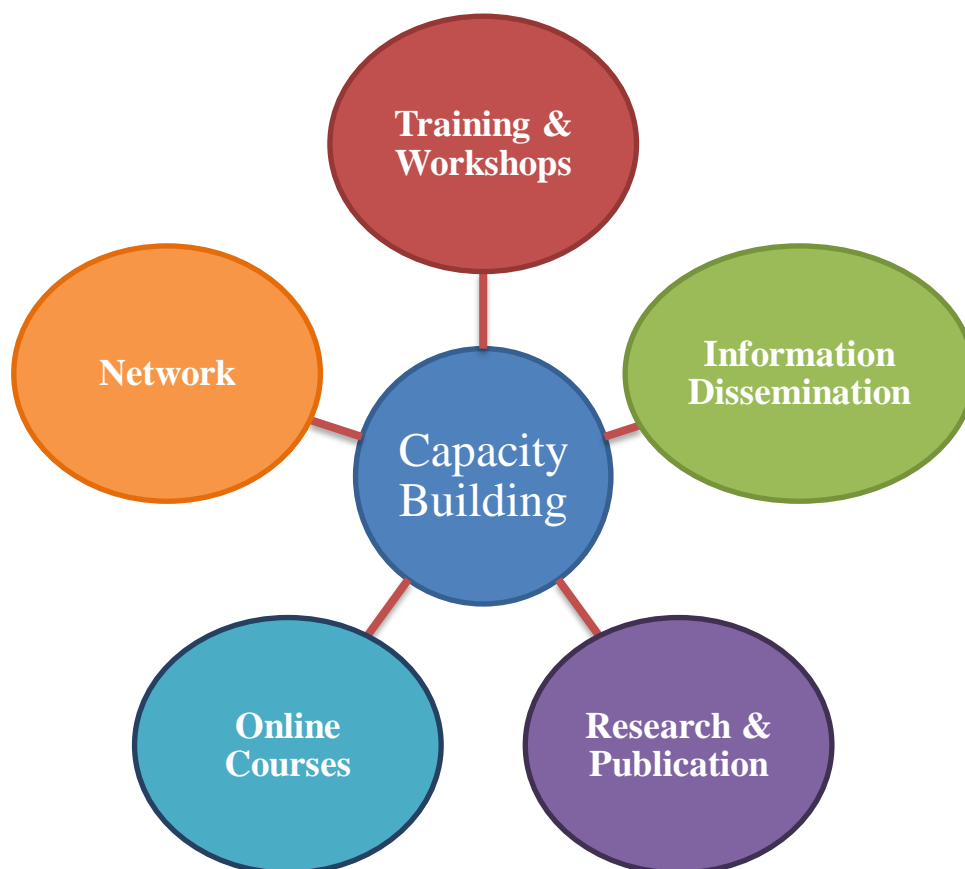
CAPACITY BUILDING

Capacity building is one of the core competencies of FMSF. FMSF aims to capacitate the partner organizations as well as other NGOs in the areas of financial management and other related areas. FMSF strives to build capacities of NGOs and conducts various workshops. Apart from workshops organized by FMSF, the resource team of FMSF facilitates various workshops organized by other agencies.

Over the past 22 years, the capacity building initiative of FMSF has undergone changes. At present, FMSF endeavors to provide specific '*Application-based*' capacity building support to partners.

FMSF follows a five-component intervention in its capacity-building framework.

Figure 1: Five components of Capacity Building



3.2.1 Trainings & Workshops

By undertaking need assessment and internal processing of the partner wise issues, FMSF has identified six key areas for training. Separate modules have been developed for all the identified areas. The areas are as follows:

- Budget, Budgeting, Budgetary Control
- Accounting & Reporting
- Internal Control Procedures
- BftW Reporting Requirements
- Legal Issues
- Governance processes & control

These six areas are broad framework. In general, it is expected that that all the partners undergo training on all the areas identified. However, depending upon the need and capacity of the organization, not all of them may be applicable. In certain cases, some areas are clubbed together for a single workshop. However, all the workshops contain an exclusive session on BftW reporting requirements. The workshops are organized for a period of 1.5 to 2 days and focuses on providing a platform for in depth discussion, solving case studies, sharing experiential learnings etc.

i. Workshops organized by FMSF for BftW partner organizations

Sl. No.	Topics Addressed	No. of BFTW partner organizations participated	Place & Date of Workshop
1	Workshop on Governance for NGOs (Basic Level)	7	18 th & 19 th April 2016 at Kathmandu, Nepal
2	BftW Nepal Partners Auditor Meet	10	20 th April 2016 at Kathmandu, Nepal
3	Workshop on Governance & Compliance Standard (Desirable Level)	10	21 st & 22 nd July 2016 at Hyderabad

4	Workshop on Project Financial Management (Basic Level)	9	23 rd & 24 th August 2016
5	Workshop on Governance & Compliance Standards (Basic Level)	14	14 th & 15 th November 2016 at Bangladesh
6	Workshop on Governance & Compliance Standards (Desirable Level)	13	17 th & 18 th November 2016 at Bangladesh
7	Workshop on project Financial Management for Pakistan Partners	07	16th & 17th March 2017 at Dubai

ii. Workshops facilitated by FMSF for partners organizations:

Sl. No.	Topics Addressed	No. of Participants	Place & Date of Workshop
1	Consultation on Inclusion of VO's in Lokpal & Lokayukta Act 2013		14th July 2016 at New Delhi

3.2.2 Learning Systems

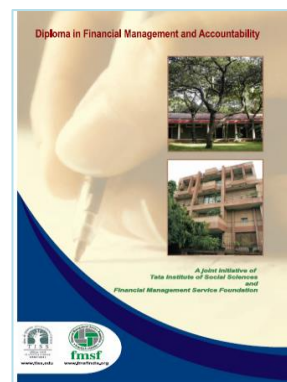
FMSF provided a new dimension to the capacity building initiative through 'specific sustained online training programs'. FMSF launched two online programmes in the areas of financial management and governance in order to build the capacity of personnel working in the voluntary sector.

FMSF launched the first online learning systems program, Diploma in Financial management & Accountability in 2008, a joint initiative of FMSF and TISS, Mumbai. The second programme of NPO Governance is a sole initiative of FMSF that was started in the year 2012. With these initiatives, FMSF has been imparting knowledge to enhance the capacity of professionals already working in the voluntary sector.

i. Diploma in Financial Management & Accountability (DFMA)

Diploma in Financial Management (DFMA) is a one year long-distance education program in collaboration with the Tata Institute of Social Sciences (TISS). The course is specifically designed to suit to the needs of persons working in the voluntary sector or persons who are planning to join the sector. The course is a blend of the online & long distance mode.

The course is entirely web-based and the study materials are sent in hardcopy to the students. The Course design has been jointly worked upon by TISS and FMSF. The course was launched in August; 2008. The various modules are addressed in the program and the panel of faculty consists of various eminent persons from the field of academics as well as the development sector. The DFMA Programme provides the perfect combination of theoretical and practical knowledge on the intricacies of day to day functioning of NGOs in India.



The faculties for the DFMA Program have rich experience and background in their respective areas. They are renowned persons who have acclaimed wide recognition in the field of academics as well as vocation. The students get a chance not only to learn from such experienced faculties but also to discuss and debate the concepts and issue in interactive discussion forum.

In the year 2016-17, the eleventh and twelfth batch successfully completed the course, and sessions for the thirteenth and fourteenth batches are in progress.

The details of the paper and the faculty are given in **Figure 2** below:

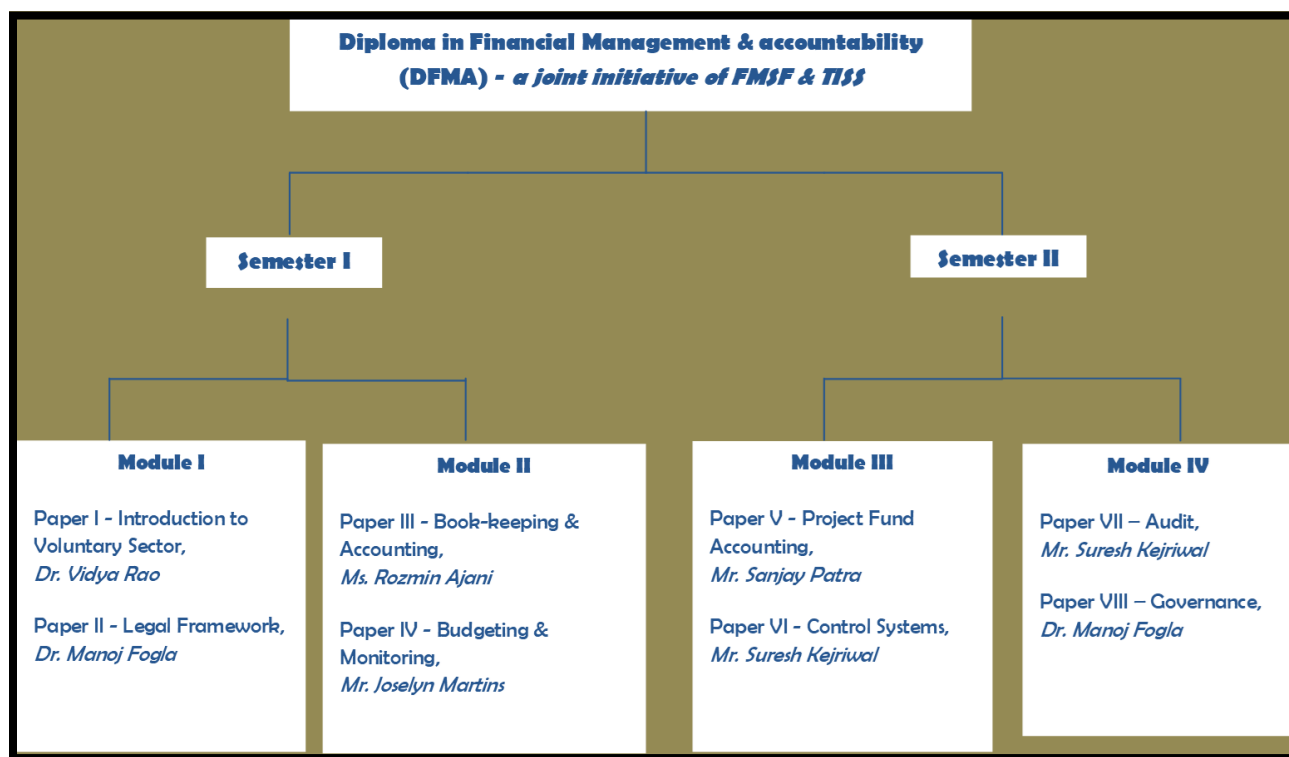


Figure 2: Details of paper & faculties of DFMA Programme

ii. NPO Governance Programme (NPOGP)

NPO Governance Programme, a four months online certificate program that takes the participants systematically through a sustained learning process. The program aims at building the capacity and creates a facilitative atmosphere of personnel working in the Voluntary Sector in the area of NPO Governance. Further, since the program is built on virtual platform, it is open to participants globally. In the year 2016-17, batches seven and eight passed out successfully and batch 9 was rolled out.

The programme aims to enable professionals to develop an understanding in the following areas:-

- Key Fundamental documents
- Fundamental Concepts and Principles of good governance
- Various Compliances under good governance
- Board Structures & Processes
- Roles and Responsibilities of the Board and its Committees

- Key Requirements of a Sound and Effective governance system
- Governance Controls necessary for non-profits

Figure 3: NPO Governance Programme Modules



The course is divided into 4 modules (See **Figure 3**) and considering examinations and internal assessments the course is usually completed in six months' time. The soft copy of the course materials are parked on the online learning systems website, which can be easily accessed by the students.

RESEARCH, PUBLICATIONS & INFORMATION

DISSEMINATION

FMSF engages in research work on issues pertaining to the voluntary sector that are disseminated to organizations in the voluntary sector. This role of FMSF is being facilitated through its rich collection of **Research & Publication**. These resources are storehouse of information for the voluntary sector. FMSF involves in research work on financial management, governance and legal issues and regularly comes up with new publications, E-communiqués, concept notes and resource materials. E-publications such as Governance Toolbox Series, Standards & Norms and Standards & Norms notices are distributed free of cost to members while other publications are available for a nominal charge. Hence, FMSF plays a crucial role in providing information to the voluntary sector.

4.1 Research

Information plays a key role in the present world. FMSF engages in disseminating relevant and useful information in the voluntary sector. Thus, research is an integral part of FMSF's daily activities. The research work at FMSF is primarily oriented towards developing tools and concepts that would be helpful for the sector. Further, the research work also feeds into the capacity building initiatives of FMSF.

The objective of Research at FMSF is three-fold

- Develop our knowledge/Resource base
- Develop tools for the Voluntary Sector
- To act as a center for providing support in Research to other like-minded agencies

The focus of FMSF's Research has been on three key areas i.e. financial management, Social accountability & audit and Governance.

a. In-house research

As an initiative of Capacity Building, FMSF has been engaged in the development of resource materials and concept notes based on financial management, legal compliances, governance, internal controls, social accountability, etc. Over the period of time, FMSF has successful in producing concept notes on Common Cost Allocation Policy; Debit Notes; Standard Operating Procedures (SOP) for Bilateral Partners,

Operating Guidelines for Collective Forms of Co-operation (CFCs) and bilateral partners; Finance Manual template; Internal Control module, etc. In the past, FMSF has also brought out concept notes on Notional Expenditure and Management Letter.

These concept notes and resource materials are widely circulated among the BftW partner organizations and are accessible to other voluntary organizations in the official website of FMSF. FMSF also provides helpline service for organizations on various issues concerning to governance, legal constitution of NGOs, Income Tax, FCRA and other applicable laws. An expert research team handles all the queries.

b. Internship

During the period 2016-17, one postgraduate student from Utkal University, Odisha interned and worked on various aspects of project monitoring and capacity building.

4.2 Publications & information dissemination

FMSF regularly authors and publishes books/journals on financial management, governance and legal issues pertinent to the voluntary sector. These publications are highly regarded and well received by the voluntary sector.

a. Publication

The books published by FMSF till dates are enlisted below:

- Finance & Legal Handbook for NPOs- 3rd & 4th Edition;
- Handbook on Bombay Public Trust Act
- Handbook on Social Audit for NGOs
- Social Accountability Standards for Voluntary Organizations
- Handbook on Financial Audit & Reporting in NGOs
- Legal & Finance Handbook for Voluntary Organizations
- Revised Finance Handbook for Voluntary Organizations
- Manual of Financial Management & Legal Regulations
- Handbook on NPO Governance & Laws

Chart 3 below depicts the disbursement of publications in the year 2014-15.

Chart 3: Publications disbursed during 2016-17**b. *INTERface***

As a part of a wider information dissemination initiative, FMSF publishes a six monthly journal “*INTERface*” that covers legal, financial and governance related issues. A primary aspect of this magazine is to provide extensive and detailed information on voluntary sector laws. Thus, FMSF has been creating awareness amongst partner organizations on these latest developments in the voluntary sector.

Figure 4: *INTERface* Vol. XVI, Issue 1**Highlights**

- Applicability of Lokpal to NGOs
- Foreign Donor and others under prior permission category
- Difference between commercial and fund accounting systems
- Provisions of Companies (CSR) Rules, 2014
- Gender Policy

The issue of “*INTERface*” covered the following topics during the period:

- Filing Of Returns Under Income Tax In The Amended ITR-7
- Applicability Of Lokpal To NGOs
- Foreign Donor & Others Under Prior Permission Category
- Administrative Expenditures
- Overview Of Fund Accounting
- Difference Between Commercial & Fund Accounting Systems
- Provisions Of Companies (CSR) Rules, 2014
- Net Profit & CSR Expenditures
- Gender Policy

c. E-communicé - Standards & Norms

In the year 2016-17, information related to changes and amendments in the legal setting pertaining to the voluntary sector were provided through 3 Standards & Norms Notices disbursed at regular intervals. These notices were brought out on the following topics:

- FCRA No Longer Applicable To Companies With Foreign Shareholding
- Filing Of Returns Under Income Tax In The Amended ITR-7
- Applicability Of Lokpal To NGOs
- Foreign Donor & Others Under Prior Permission Category
- Tax On Accreted Income
- Income Tax/Depreciation Issues In Case The Vehicle Is Registered In The Name Of The Functionaries
- Can NGOs Have Activities Outside India
- Corpus Donations- Analysis Of Recent Amendments 2017
- Budget – 2017- Changes With Regard To NPOs
- Exemptions Shall Be Withdrawn If It Return Not Filed In Time

d. Governance Toolbox Series

Governance is one of the important areas that need to be further strengthened in the voluntary sector. Thus, to strengthen the governance process, FMSF initiated the Governance Tool Box Series in July 2012. The series is circulated through mass mail as “NPO Governance Tool box Series”, and contains 36 issues that touches upon various aspects of governance of an organization. Each issue comes with a self-assessment tool for NPOs to

assess and address the critical areas.

Until date, out of 36 issues, total 21 issues have been published. All the series are published and uploaded both on the official website of FMSF (<http://www.fmsfindia.org>) as well as on the blog site of FMSF (<http://fmsf-noida.blogspot.in/>).

e. Websites

In addition to the official website of FMSF, there are 4 other specialized websites that cater to different issues related to voluntary sector. Relevant and useful information on legal, governance and finance management are regularly uploaded on these websites. The URL of these websites is provided in *Figure 8*.

Fig. 6: List of FMSF websites

- www.fmsfindia.org
- www.incometaxforngos.org
- www.legalissuesforngos.org
- www.fcraforngos.org
- www.socialaccountability.net
- www.fmsflearningsystems.org

GOVERNANCE

Good governance is the cornerstone for effective functioning of the organization. In FMSF, governance means to achieve high level of accountability, efficiency, responsibility and justice in all area of operation. The mission of FMSF is to ‘Promote Accountability’ which is practiced at all level of the organization through robust governance mechanism and processes. There is a clear distinction between governance and management. While the Board of Trustees is responsible for the governance aspects, the Management team headed by Executive Director and comprising of Head of Desks are responsible for the day to day management of the organization.

5.1. Meetings

i. Board Meeting

The Board of Trustees meets at regular intervals to review the work and to make strategic decisions for the organization. During the reporting period, the 44th Board meeting was held on 5th August 2016 and the 45th Board meeting on 30th January 2017 at Noida.

During the period, Ms. Rosemary Viswanath was appointed as the Chairman of the Board of Trustees and part from that three new trustees were taken on board as well, namely, Ms. Anuvinda Varkey, Rev. Roger Gaikwad and Prof. P Judson.

ii. Annual Planning Meeting

The annual planning meeting was held at Goa from 18th to 20th January, 2017. The annual planning began with team building exercises that were followed by planning for FMSF and acquiring a team of resource persons to work and develop resource materials on topics pertaining to the voluntary sector.

Together we matter...



5.2. Audit

FMSF has a clear policy on audit. The Statutory auditors are appointed in the Annual General Meeting of the Board of Trustees. Both the audit report as well as management letter is received by the Board of Trustees. For the year 2016-17, the statutory auditor of FMSF was M/s Raghu Nath Rai & Co., Chartered Accountants, New Delhi.

5.3. FMSF team

The FMSF Staff are highly valued and recognized in the organization. The staff team of FMSF comprises of professionals from various academic backgrounds such as Chartered Accountants, MBAs, I.T Professionals, Rural Management, etc. The staff team of FMSF as on **31st March 2017** is as follows:

Fig. 7: FMSF Team



5.4. Performance appraisal

The Board evaluates the performance of the Executive Director once in 3 years. The process includes feedbacks from the Board Members, the BftW and certain staff members. The performance of the staff is also evaluated every year by the management team. In a year, one appraisal and one performance review is conducted for the staff (i.e. one in every six months). For this purpose, a structured format is being used. Both the appraisal and the performance review are participatory in nature.

5.5. Legal and donor compliance

FMSF is a registered Public Charitable Trust. It is also registered under the Income Tax Act, 1961 and the Foreign Contribution (Regulation) Act, 1976. The audited reports and returns are regularly filed as per the legal requirement. Further, FMSF also complies with the reporting requirements of the resource sharing agencies like BftW, MISEREOR and ICCO.

5.6. Sustainability

i. Financial Sustainability

FMSF derives its financial sustainability primarily from the resources contributed by the BftW, Germany. Some of the other specific aspects that contribute in resource mobilization of FMSF are:

- **Working with other donors:** FMSF, primarily, receives support from the BftW for the financial monitoring of development projects supported by it. However, it is also working with other funding agencies such as MISEREOR and ICCO. This has enabled FMSF to receive support from these agencies for the specific services rendered to them.
- **Training fees from workshops:** FMSF receives nominal contribution as participation fees from non-BftW partner organizations' participants for workshops and trainings organized by it.

ii. Programmatic sustainability

FMSF believes that in order to attain overall sustainability, the financial sustainability has to be linked to organizational as well as programmatic sustainability. The initiatives of DFMA and NPO Governance

programmes also provide programmatic sustainability. Further, research initiatives of FMSF help in building a knowledge resource base that would go a long way in contributing towards programmatic sustainability.

Financial Information

(Certificate to be given by Chartered Accountant)

We have audited the account of **FINANCIAL MANAGEMENT SERVICE FOUNDATION, A-17, NEETI BAGH , NEW DELHI - 110049** (name of association and its full address including State, District and Pin Code; if registered society, its registration No. and State or registration) for the year ending **31st March 2017** and examined all relevant books and vouchers and certify that according to the audited accounts :

- (i) The brought forward foreign contribution at the beginning of the year was Rs. 7,799,983
- (ii) Foreign contribution of / worth Rs. 25,203,245 was received by the association during the year 2016-2017.
- (iii) Intrest accrued on foreign contribution and other income derived from foreign contribution or interest thereon of Rs 2,713,044 (interest on SB/FD Rs.6,26,866, Recovery for use of Facility Rs.9,65,246, sale of publication Rs 18,777, sale of assets Rs.7,25,400 and Misc. receipts Rs.376,755) was received by the association during the year 2016-2017.
- (iv) The balance of unutilised foreign contribution with the association at the end of the year 31st March, 2017 was Rs. 6,344,824.
- (v) Certified that the Association has maintained the accounts of foreign contribution and records relating thereto in the manner specified in section 19 of the Foreign Contribution (Regulation) Act, 2010(42 of 2010) read with rule 17 of the Foreign Contribution (Regulation) Rules, 2011.
- (vi) The information furnished in this certificate and in the enclosed Balance Sheet and Statement of Receipt and Payment is correct as checked by us.
- (vii) The association has utilized the foreign contribution received for the purposes it is registered under Foreign Contribution (Regulation) Act, 2010.

Name of Chartered Accountant with seal
Address and Registration Number



Place: *New Delhi*
Date: *21 AUG 2017*

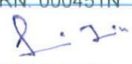





Name	SAMIR JAIN
Membership No.	77010
Designation	Partner
Firm Name	RAGHU NATH RAI & CO.
FRN	000451N
Address	9, Mathura Road, Jangpura "B", New Delhi – 110 014 India

**FINANCIAL MANAGEMENT SERVICE FOUNDATION
(A REGD. PUBLIC CHARITABLE TRUST)**

FCRA ACCOUNT

BALANCE SHEET AS AT 31ST MARCH 2017

	Schedule	As at 31.03.2017 Amount (Rs.)	As at 31.03.2016 Amount (Rs.)
<u>SOURCES OF FUNDS</u>			
Unutilised Grants	I	107,904	988,714
General Fund	II	7,715,953	7,753,009
Assets Fund Account	III	10,399,924	9,915,882
TOTAL		18,223,781	18,657,605
<u>APPLICATION OF FUNDS</u>			
<u>Fixed Assets</u>	IV		
Gross Block		33,885,903	33,632,270
Less : Depreciation		23,485,979	23,716,388
Net Block		10,399,924	9,915,882
Investments	V	4,460,518	4,136,029
Current Assets, Loans & Advances			
Cash and Bank Balances	VI	1,884,306	3,663,954
Other Current Assets	VII	1,479,033	941,740
Less: Current Liabilities & Provisions		-	-
Net Current Assets		3,363,339	4,605,694
TOTAL		18,223,781	18,657,605
Significant Accounting Policies and Notes forming an integral part of accounts			
VIII			
As per our report of even date			
For RAGHU NATH RAI & CO.			
Chartered Accountants			
FRN: 000451N			
<div style="display: flex; justify-content: space-between;"> <div>  (SAMIR JAIN) Partner M. No. 077010 </div> <div>  (EXECUTIVE DIRECTOR) </div> </div>			
<div style="display: flex; justify-content: space-between;"> <div>  </div> <div>  (TRUSTEES) </div> </div>			
Place : New Delhi			
Date : 21 AUG 2017			

FINANCIAL MANAGEMENT SERVICE FOUNDATION
(A REGD. PUBLIC CHARITABLE TRUST)

SCHEDULE - I

**FOREIGN GRANTS UNUTILISED / RECEIVABLE FORMING PART OF
FCRA ACCOUNT BALANCE SHEET AS AT 31ST MARCH 2017**

(Amount in Rs.)

Funding Agency	Opening balance as on 01.04.2016	Grant received during the year	Other Receipts	Total	Grant Utilised as per Receipts and Payments Account	Surplus / (Deficit) transferred to General Fund	Closing Balance as on 31.03.2017	Unutilised (7)=(4-5-6)	Receivable (8)=(5-4)
	(1)	(2)	(3)	(4)=(1+2+3)	(5)	(6)		(7)=(4-5-6)	(8)=(5-4)
BFTW	-	-	-	-	-	-	-	-	-
- Project No.20140043E	(359,510)	25,203,245	616,781	25,460,516	26,242,686	-	782,170	-	-
ICCO									
- Main Grant	251,853	-	130,000	381,853	12,204	-	-	369,649	-
- Other Grant	736,861	-	-	736,861	998,606	-	-	(261,745)	-
Misereor-Project No.321-900-1465 ZG.	(582,230)	-	-	(582,230)	114,633	-	696,863	-	-
Other Misc.Grants (conts. and others)	-	1,360,778	-	1,360,778	2,003,319	(642,541)	-	-	-
TOTAL	46,974	26,564,023	746,781	27,357,778	29,371,448	(642,541)	107,904	1,479,033	



FINANCIAL MANAGEMENT SERVICE FOUNDATION
(A REGD. PUBLIC CHARITABLE TRUST)

SCHEDULE - II

GENERAL FUND FORMING PART OF
FCRA ACCOUNT BALANCE SHEET AS AT 31ST MARCH 2017

General Fund	As at 31.03.2017 Amt. (Rs.)	As at 31.03.2016 Amt. (Rs.)
Opening Balance	7,753,009	6,970,542
Add : Income during the year		
Surplus as per Grant Account		
- EED (BFTW) - Project No.20100003	-	130,699
- Bread for the World	-	-
- Other Miscellaneous Grants	(642,541)	543,981
Interest on Fixed Deposit with Bank	378,212	234,834
Interest on Saving Bank Account	227,273	245,708
	7,715,953	8,125,764
Less : Payments		
Advance to Staff	-	372,755
	-	372,755
Closing Balance	7,715,953	7,753,009

SCHEDULE - III

ASSETS FUND ACCOUNT FORMING PART OF
FCRA ACCOUNT BALANCE SHEET AS AT 31ST MARCH 2017

Assets Fund Account	As at 31.03.2017 Amt. (Rs.)	As at 31.03.2016 Amt. (Rs.)
Opening Balance	9,915,882	10,562,496
Add:		
Assets purchased during the year	3,047,746	1,458,647
	12,963,628	12,021,143
Less :		
Sold	1,075,641	457,547
Depreciation for the current year	1,488,063	1,647,714
Closing Balance	10,399,924	9,915,882



FINANCIAL MANAGEMENT SERVICE FOUNDATION
(A REGD. PUBLIC CHARITABLE TRUST)

SCHEDULE - IV

**FIXED ASSETS FORMING PART OF
FCRA ACCOUNT BALANCE SHEET AS AT 31ST MARCH 2017**

Fixed Assets	Rate of Dep. %	Gross Block			Depreciation Block			Amount (Rs.)			
		Cost as at 01.04.2016	Additions during the year	Sales / discarded during the year	Cost as at 31.03.2017	Dep. upto 31.03.2016	Adj. for sales/ discarded during the year	Dep. for current year	Dep. upto 31.03.2017	W.D.V. as on 31.03.2017	W.D.V. as on 31.03.2016
FOREIGN CONTRIBUTION ACCOUNT											
Office Premises(EED)											
Office Building	10	15,935,570	-	-	15,935,570	11,331,680	-	480,389	11,792,069	4,143,501	4,603,890
Electric Installations and Fittings	15	1,125,237	-	-	1,125,237	967,451	-	23,668	991,119	134,118	157,786
Furniture and Fixtures	10	1,224,054	-	-	1,224,054	855,416	-	36,864	892,280	331,774	368,638
EED Main Grant											
Computers	60	1,682,606	45,500	63,861	1,664,245	1,414,884	61,000	172,567	1,526,451	137,794	267,722
Furniture and Fixtures	10	3,566,231	-	-	3,566,231	2,445,132	-	112,110	2,557,242	1,008,989	1,121,099
Office Equipments	15	5,446,371	1,059,568	567,225	5,938,714	4,249,584	482,234	251,550	4,018,900	1,919,814	1,196,787
Vehicles											
- Cars	15	3,035,134	1,107,116	1,488,000	2,654,250	1,259,186	711,255	315,948	863,879	1,790,371	1,775,948
- Cycle	15	1,830	-	-	1,830	1,498	-	50	1,548	282	332
- Motorcycle	15	43,283	67,462	43,283	67,462	34,762	34,762	10,119	10,119	57,343	8,521
Intangible Assets											
ICCO											
Computers	60	183,971	-	-	183,971	183,613	-	215	183,828	143	358
Furniture and Fixtures	10	58,400	-	-	58,400	29,596	-	2,880	32,476	25,924	28,804
Office Equipments	15	597,839	-	-	597,839	414,529	-	27,497	442,026	155,813	183,310
Vehicles	15	631,744	-	631,744	-	429,221	429,221	-	-	-	202,523
Misereor											
Intangible Assets											
- Software	60	100,000	-	-	100,000	99,836	-	98	99,934	66	164
Programme Centre											
Office Equipments	15	-	108,100	-	108,100	-	-	8,108	8,108	99,992	-
Office Building	10	-	660,000	-	660,000	-	-	66,000	66,000	594,000	-
Total		33,632,270	3,047,746	2,794,113	33,885,903	23,716,388	1,718,472	1,488,063	23,485,979	10,399,924	9,915,882
Previous year		33,272,706	1,458,647	1,099,083	33,632,270	22,710,210	641,536	1,647,714	23,716,388	9,915,882	-



FINANCIAL MANAGEMENT SERVICE FOUNDATION
(A REGD. PUBLIC CHARITABLE TRUST)

SCHEDULE - V

INVESTMENTS FORMING PART OF
FCRA ACCOUNT BALANCE SHEET AS AT 31ST MARCH, 2017

Investments	As at 31.03.2017 Amt. (Rs.)	As at 31.03.2016 Amt. (Rs.)
Fixed Deposits with Scheduled Banks		
Bank of Baroda - General Fund	4,460,518	4,136,029
TOTAL	4,460,518	4,136,029

SCHEDULE - VI

CASH AND BANK BALANCES FORMING PART OF
FCRA ACCOUNT BALANCE SHEET AS AT 31ST MARCH, 2017

Cash and Bank Balances	As at 31.03.2017 Amt. (Rs.)	As at 31.03.2016 Amt. (Rs.)
Cash in hand		
Foreign Contribution Account	43,178	24,135
Balance in Saving Account with Scheduled Bank		
Foreign Contribution Account		
Bank of Baroda-SB A/c no -22750100001629 (FC A/C)	1,728,319	
HDFC-SB A/c 06511450000170	112,809	
	1,841,128	3,639,819
TOTAL	1,884,306	3,663,954



SCHEDULE - VII

OTHER CURRENT ASSETS FORMING PART OF
FCRA ACCOUNT BALANCE SHEET AS AT 31ST MARCH, 2017

Other Current Assets	As at 31.03.2017 Amt. (Rs.)	As at 31.03.2016 Amt. (Rs.)
Grant Receivable		
- BFTW	782,170	
- Misereor	696,863	
	1,479,033	941,740
TOTAL	1,479,033	941,740

**FINANCIAL MANAGEMENT SERVICE FOUNDATION
(A REGD. PUBLIC CHARITABLE TRUST)**

**FOREIGN CONTRIBUTION ACCOUNT
RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2017**

	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>RECEIPTS</u>			
<u>Cash and Bank Balances as on 1st April 2016</u>			
Cash in Hand		24,135	63,664
Balance in Saving Accounts with Scheduled Banks			
- Bank of Baroda SB A/c -22750100001629(FC A/c)		3,571,487	1,241,508
- HDFC SB A/c 06511450000170		68,332	57,908
Fixed Deposit with Bank of Baroda		4,136,029	3,787,494
Sub Total		<u>7,799,983</u>	<u>5,150,574</u>
<u>Grants Received</u>			
BFTW		25,203,245	23,448,022
Interest BFTW		21,381	54,424
Sale of Assets		595,400	-
EED (BFTW)		-	3,082,763
ICCO			
- Discount received back on Office Insurance		-	3,767
- Sale of Vehicle		130,000	-
MISEREOR		-	933,357
Other Misc.		1,360,778	1,629,299
<u>General Fund</u>			
Interest on Fixed Deposit with Bank (net off Accrued Interest)		378,212	234,834
<u>Other Receipts</u>			
Interest on Saving Bank Accounts		227,273	245,708
Sub Total		<u>27,916,289</u>	<u>29,632,174</u>
GRAND TOTAL		<u>35,716,272</u>	<u>34,782,748</u>

contd.



PAYMENTS**BFTW Main Grant****Monitoring Staff Costs and Training**

Staff Costs	5,846,291	5,101,349
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Travel Costs for Partner Visits

Travel and Conveyance	1,056,431	616,614
Boarding and Lodging	978,359	467,072
Other Expenses	40,166	43,334

Capacity Building - Workshops, Consultancies

Annual Planning and Core Group Meeting Expenses	440,066	408,812
Workshops and Seminars (TOT & Auditors)	1,290,694	1,222,556
Travel and Conveyance	-	6,528
Boarding and Lodging	-	1,300

Staff Costs Capacity Building

	2,914,985	2,689,913
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Publications, Research, FMSF Websites

Cost of Newsletter	163,087	105,489
Printing of Annual Report and Brochures	-	51,500
Website Expenses	41,759	150,455
Staff Costs	2,093,775	1,955,997
Software Expenses	232,581	-
Membership & Subscription Fees	480	1,604
Cost of Publications	-	-
- Author Fees	350,000	580,000
- Printing Charges	-	198,728

Co-ordination and Administration Costs**Staff Costs and Training**

Staff Costs	4,572,120	4,389,398
-------------	-----------	-----------

Office Costs

Electricity and Water Charges	757,769	607,521
Printing and Stationary	169,411	167,506
Courier and Postage Charges	135,599	118,738
Generator Running and Maintenance	197,708	165,334
Computers Maintenance	87,615	107,772
Telephone Expenses	225,554	198,304
Internet Expenses	296,758	290,951
Interest on TDS	-	37
Insurance	15,966	15,690
Building Maintenance	246,525	131,095
Office Maintenance	407,051	369,980
Office Equipments Maintenance	182,260	178,014
Professional Charges	15,525	378,906
Recruitment Expenses	24,335	40,582
Staff Wellfare	506,636	546,334
Conveyance	2,381	2,232
Vehicle Running and Maintenance	347,350	365,570
Audit Fees	163,926	389,940
Other Expenses	25,722	22,534

contd.



Travel Costs

Director and Core Staff	135,953	224,017
Trustees Meetings	51,988	91,603

Capital Costs

Office Equipments	1,005,782	38,013
Computer & Printer	45,500	155,075
Furniture and Fixtures	-	90,026
Vehicle	1,174,578	1,175,533

ICCO**Co-ordination and Administration Costs****Office Cost**

Vehicle Running and Maintenance	12,204	10,497
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ICCO - Governance Programme**Program Cost**

Postage	92	112
Printing and Stationery	-	80
Staff Cost	794,236	730,041

Co-ordination and Administration Costs

Expenses for use of facilities	204,278	209,927
--------------------------------	---------	---------

Misereor

Salaries and Expenses	-	425,583
Postage and Courier	-	5,195
Professional Fees Coaching	45,633	35,000
Professional Fees-TISS	-	20,000
Travel and Conveyance	-	8,614
Boarding and Lodging	-	3,600
Advertisement Expenses	-	3,750

Co-ordination and Administration Costs**Office Cost**

Audit Fees	69,000	410
Expenses for use of facilities	-	209,927

Other Misc. Grants

Staff Cost	794,236	730,042
Postage	-	3,924

Co-ordination and Administration Costs**Office Cost**

Expenses on facilities provided	236,705	269,305
Expenses on use of facilities	204,278	-

Capital Costs

- Programme Center - Office Equipment	108,100	-
- Programme Center - Office Building	660,000	-
- Loss on sale of Assets	-	82,047

contd.



General FundAdvance to Staff
Others

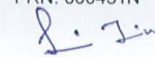
	-	372,755
Sub Total	29,371,448	26,982,765

Cash and Bank Balances as on 31st March 2017

Cash in Hand	43,178	24,135
Balance in Saving Account with Scheduled Bank		
- Bank of Baroda SB A/c -22750100001629(FC A/c)	1,728,319	3,571,487
- HDFC SB A/c 06511450000170	112,809	68,332
Fixed Deposit with Bank of Baroda	4,460,518	4,136,029
Sub Total	6,344,824	7,799,983
GRAND TOTAL	35,716,272	34,782,748

Significant Accounting Policies and Notes
forming an integral part of accounts

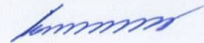
VIII

As per our report of even date
For RAGHU NATH RAI & CO.
Chartered Accountants
FRN: 000451N(SAMIR JAIN)
Partner
M. No. 077010

For FINANCIAL MANAGEMENT SERVICE FOUNDATION



(EXECUTIVE DIRECTOR)



(TRUSTEES)

Place : New Delhi

Date : 21 AUG 2017



FINANCIAL MANAGEMENT SERVICE FOUNDATION
(A REGD. PUBLIC CHARITABLE TRUST)
FOREIGN CONTRIBUTION ACCOUNT

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2017

Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>INCOME</u>		
<u>BFTW</u>		
Grant Received	25,203,245	23,448,022
Interest	21,381	54,424
Sale of Assets	595,400	-
<u>Misereor</u>		
Grant for DFMA	-	933,357
<u>ICCO-FMSF Decentralisation Project</u>		
Sale of Vehicle	130,000	-
Discount received back on Office Insurance	-	3,767
<u>Other Miscellaneous Grants</u>		
Sale of Publications	18,777	40,445
Rent	829,386	793,709
Bank Interest	564,992	607,265
Income from other facilities provided	211,460	372,943
Honorarium	-	35,000
Sale of Assets	-	457,547
Other	-	1,655
Amount written back	101,190	-
Total	27,675,831	26,748,134
<u>EXPENDITURE</u>		
<u>BFTW</u>		
<u>Programme Costs</u>		
<i>(Standardizing Capacity and Compliance - From Concept to Praxis)</i>		
<u>Monitoring and Consultancy Staff Costs and Training</u>		
Staff Costs	5,838,573	5,114,286
<u>Travel Costs for Partner Visits</u>		
Travel and Conveyance	1,085,117	676,614
Boarding and Lodging	978,359	467,072
Other Expenses	40,166	43,334
<u>Capacity Building - Workshops, Consultancies</u>		
Annual Planning and Core Group Meeting Expenses	440,066	408,812
Workshops and Seminars (TOT & Auditors)	1,290,694	1,222,556
Travel and Conveyance	-	6,528
Boarding and Lodging	-	1,300

contd.



Staff Costs Capacity Building	2,914,985	2,689,913
Publications, Research, FMSF Websites		
Cost of Newsletter	196,748	105,489
Printing of Annual Report and Brochures	-	51,500
Website Expenses	41,759	150,455
Staff Costs	2,093,775	1,955,997
Software Expenses	114,706	-
Membership & Subscription Fees	480	1,604
Cost of Publications		
- Author Fees	350,000	580,000
- Printing Charges	-	198,728
<u>Co-ordination and Administration Costs</u>		
Staff Costs and Training		
Staff Costs	4,572,120	4,389,398
Office Costs		
Electricity and Water Charges	665,063	667,969
Printing and Stationary	169,502	167,506
Courier and Postage Charges	135,599	118,738
Generator Running and Maintenance	197,708	165,430
Computers Maintenance	87,615	107,772
Telephone Expenses	225,554	198,304
Internet Expenses	296,758	290,951
Interest on TDS	-	37
Insurance	15,966	15,690
Building Maintenance	246,525	131,095
Office Maintenance	411,823	392,978
Office Equipments Maintenance	184,567	175,707
Professional Charges	15,525	278,167
Recruitment Expenses	24,335	40,582
Staff Welfare	505,182	535,524
Conveyance	2,381	2,232
Vehicle Running and Maintenance	352,881	360,039
Audit Fees	177,679	164,665
Other Expenses	25,722	22,534
Travel Costs		
Director and Core Staff	135,953	224,017
Trustees Meetings	51,988	91,603
Capital Costs		
Office Equipments	1,059,568	38,013
Computer & Printer	45,500	155,075
Furniture and Fixtures	-	90,026
Vehicle	1,174,578	1,175,533
Organisation Development Process / Evaluation		
Organisation Development Expenses	-	-

contd.



Misereor*(Diploma in Financial Management and Accountability)*

Salaries and Expenses	-	425,583
Audit Fees	40,375	29,035
Postage and Courier	-	5,195
Professional Fees Coaching	-	80,633
Professional Fees-TISS	-	20,000
Expenses for use of facilities	-	209,927
Travel and Conveyance	-	8,614
Boarding and Lodging	-	3,600
Advertisement Expenses	-	3,750

ICCO-FMSF Decentralisation Project**Office Expenses**

Vehicle Running and Maintenance	12,204	10,497
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ICCO - Governance Programme

Postage	92	112
Printing and Stationery	-	80
Staff Cost	794,236	730,041
Expenses for use of facilities	204,278	209,927

Other Miscellaneous Grants*(Programmes for the poorest and most deprived section of the community and evaluation of performances)*

Staff Cost	794,236	730,042
Postage	-	3,924

Office Cost

Expenses for use of facilities	204,278	-
Expenses on facilities provided	236,705	269,305

Capital Costs

- Programme Center -Office Equipment	108,100	-
- Programme Center -Office Building	660,000	-
- Loss on sale of Assets	-	82,047

Total	<u>29,220,024</u>	<u>26,496,085</u>
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Unspent / (Overspent) during the year transferred to Grant Account	I	(1,544,193)	252,049
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Significant Accounting Policies and Notes

XI

forming an integral part of accounts

As per our report of even date

For RAGHU NATH RAI & CO.

Chartered Accountants

FRN: 000451N


(SAMIR JAIN)

Partner

M. No. 077010

For FINANCIAL MANAGEMENT SERVICE FOUNDATION

(EXECUTIVE DIRECTOR)

(TRUSTEES)

Place : New Delhi

Date : 21 AUG 2017



FINANCIAL MANAGEMENT SERVICE FOUNDATION

(A REGD. PUBLIC CHARITABLE TRUST)

SCHEDULE – VIII : SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART
OF ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH 2017

A. SIGNIFICANT ACCOUNTING POLICIES

1. The accounts are prepared on historical cost basis as a 'going concern'. Income and expenses are accounted for on accrual basis except for Foreign Contribution Books which are prepared on cash basis, following generally accepted accounting principles and practices and Accounting Standards issued by the Institute of Chartered Accountants of India for NGOs, wherever applicable, except otherwise stated.
2. Fixed Assets acquired / received in kind are directly charged to expenses accounts and stated in the Balance Sheet through Assets Fund Account.
3. Fixed Assets are stated as under:
 - a) Assets directly acquired – at purchase cost less accumulated depreciation.
 - b) Assets received in kind – at stated / estimated cost less accumulated depreciation.
4. Depreciation on fixed assets is provided as per written down value method as per the rates prescribed in Income Tax Act, 1961.



5. Inventories are valued and disclosed as under:
- a) Acquired / self produced – at cost.
 - b) Received free of cost or at a nominal charge – at market price or estimated net realizable value.
6. Accounts for the purpose of submission to FCRA are compiled on cash basis.
7. Restricted Grants are utilized as per the conditions of the grant agreement and to the extent utilized they are netted off from the Other Current Liabilities item in the Balance Sheet and transferred to separate account of the granting authority and spent for its pre-determined purpose.
8. Upon completion of the life or obligation of the restricted grant, if any surplus grant remains unutilized the amount is, either in compliance with the grant agreement or upon due consent of the granting authority, either returned to the granting authority or transferred as unrestricted grant or income in Income and Expenditure statement.
9. The assets acquired by the trust while acting as a trustee of the Restricted Grant and fulfilling the conditions of the grant agreement, the asset acquired (primarily fixed assets is shown at notional value in the Balance Sheet. Any receipts from sale of such assets, in accordance with the terms of the grant agreement, are transferred back again to the appropriate Restricted Fund – Grant Balance and utilized further in accordance with the grant agreement



B. NOTES TO ACCOUNTS

1. Trust has taken Group Gratuity Scheme with Life Insurance Corporation of India which has been approved by Income Tax Authorities. Premium paid for employees has been charged to expense accounts.
2. Trust has provided the facilities / services to the programmes of the other funding agencies from the infrastructure / resources created out of the funds of main funding agency.
3. As per the management policy the surplus / (deficit) of the completed projects are transferred to General Fund and the remaining balances of continuing projects are reported under Unutilized Grants.
4. Expenses have been allocated to various programmes based on the approved activities and budgets of the respective programme.
5. No provision for leave encashment entitlement has been made since as per Trust policy, the leaves are to be availed and can not be encashed.
6. The management has allocated the expenses between the Projects (Bread for the World, NPO Governance and Others) as per the best estimate made by them. The Auditors have relied on the same.
7. Previous year figure has been regrouped wherever necessary.

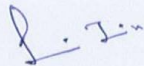


8. Income and expenses are reported as per budget of the funding / donor agencies received on grant to grant basis, hence previous year figures are not comparable.

Signature to Schedule – I to VIII of the Balance Sheet.

For RAGHU NATH RAI & CO.
CHARTERED ACCOUNTANTS

For FINANCIAL MANAGEMENT SERVICE FOUNDATION



(SAMIR JAIN)
PARTNER
Membership No : 077010



(EXECUTIVE DIRECTOR)



(TRUSTEES)

Place : New Delhi

Date : 21 AUG 2017