

# ANNUAL REPORT

## 2015-16

Channelizing Development



## FROM THE EXECUTIVE DIRECTOR'S DESK

It is a joy to present the annual report for the year 2015-2016. The year was an intense year full of opportunities and new challenges.

FMSF exists to promote accountability in the voluntary sector and that is what we have been doing. During this year FMSF has accompanied around 161 development projects and built capacity in the area of

financial management legal compliances and governance. This process included communicating with the partners regularly, visits and sharing information. Specific workshops were also conducted for the project partners depending on the needs.

We have received cooperation and support from the partner organizations and other stakeholders for which we are grateful. My team has really worked hard to achieve our plans. A special word of appreciation for them. Our board of trustees has been a constant source of encouragement for us. Many thanks for their independent and objective oversight.

Last but not the least a very special thanks to BftW for their support and cooperation.

Dr.(CA) Sanjay Patra



## CONTENTS

I.	ABOUT FMSF	4-6
II.	BOARD OF TRUSTEES	7-8
III.	OUR PROGRAMMES	9-26
IV.	RESEARCH, PUBLICATION AND INFORMATION DISSEMINATION	27-31
V.	GOVERNANCE	32-36
VI.	FINANCIAL INFORMATION	37-54

## LIST OF TABLES

Table 1: Audited Financial Reports & Progress Reports in 2015-2016	15
Table 2: Workshops organized by FMSF for BftW partners organizations	21
Table 3: List of FCRA Clinic Workshops	26

## LIST OF CHARTS

Chart 1: New projects & closed projects in 2015-16	15
Chart 2: Partner visits undertaken during the year	16

## LIST OF FIGURES

Figure 1: Five components of Capacity Building	19
Figure 2: Details of paper & faculties for DFMA programme	23
Figure 3: NPD Governance Programme modules	24
Figure 4: Handbook on CSR for Corporates & NPOs	29
Figure 5: INTERface Volume XV, Issue 1	30
Figure 6: List of FMSF websites	31
Figure 7: FMSF Team	35

# **1. ABOUT FMSF**

## VISION

*“We aspire for a reality in development cooperation where there will be overall and holistic 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*

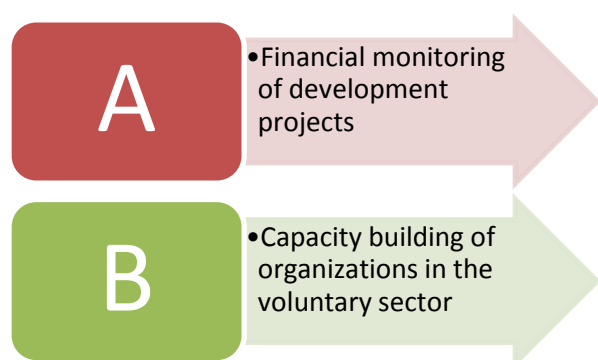
**Humaneness** - *Accounting practices with a human touch*

**Sensitivity** - *Sensitive to development issues & programmes*

## 1.1 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.

FMSF institutionally works two core areas –



FMSF also conducts research in financial management, legal compliances, governance and risk management, pertinent issues significant to the voluntary sector. A dedicated research is tasked with the objective of publishing critical information. As a result of these initiatives, FMSF has a knowledgeable repository on legal and fiscal concerns which is disseminated and shared with voluntary organizations through workshops, trainings and publications.

During the year 2015-2016, FMSF organized a series of FCRA clinics. Sixteen workshops on FCRA compliances and Renewal Process were conducted for voluntary sector organizations in the states of Uttar Pradesh, Maharashtra, Karnataka, Manipur, Telangana, Tamil Nadu, Madhya Pradesh, Chhattisgarh, Jharkhand, Bihar, Rajasthan, Odisha and West Bengal.

Each workshop comprised of one day sessions to capacitate organizations on the upcoming renewal of FCRA licenses. The workshops were organized across India and witnessed

FMSF has also been a frontrunner on the aspect of promoting accountability in the voluntary sector and therefore all programmers and activities of FMSF have a thrust upon promoting this component.

## 2. BOARD OF TRUSTEES





**Bishop (Dr.) C.L. Furtado, Chairman** - Bishop Furtado is retired Bishop of Church of South India. He has a rich experience on governance of faith-based as well as secular voluntary organizations. He is a renowned person and has a remarkable track record for managing various organizations.



**Ms. Rosemary Viswanath, Trustee** - Ms. Viswanath is a post graduate in management, with dual specialization in personnel management & organizational behavior and habitat and human settlements from the Indian Institute of Management, Bangalore. She is an organizational development expert and has served the voluntary sector for more than 20 years. She was the director of 'EQUATIONS', a research, campaign and advocacy organization for 7 years. Currently, she is the director of 'Learning Networks', an organization that offers services in the areas of organization consulting, strategic visioning & planning, change management, leadership coaching and human resources management to a wide range of organizations, institutions and networks in India and abroad.



**Dr. Vidya Rao, Trustee** - Dr. Rao is emeritus Professor of the Department of Social Welfare Administration at the Tata Institute of Social Sciences, (TISS) Mumbai. She has done her Master's in Social Work from University of Michigan, USA, and has a PhD in Social Work from TISS. Prior to teaching, Dr. Rao worked as social worker in crisis counseling centre in the USA for 4 years and was the CEO of a voluntary organization, 'New Residents' Welfare Association' in Chennai. She has co-authored futuristic strategy chapter titled 'Human Resources Development of the Weaker Sections' in the Maharashtra Development Report as a part of Vision 2020. Dr. Rao has conducted more than 75 training programmes for Government and NGO functionaries on various themes such as district planning, tribal development and NGO management, etc.



**Rev. Jacob Belly, Trustee** - Rev. Belly is the Associate Director at Globethics.net India. He has pursued his B. Sc in Natural Science and M. A. in Political Science from Madurai University. He has participated in numerous trainings such as 'Social Analysis' from Centre for Social Analysis Madurai under Dr. Bastian Weling, 'Project Management' from ISI Bangalore, 'Planning Monitoring and Evaluation' from Karl Kurbel Foundation Coimbatore, 'Mission Perspective' from Mission Academy in Hamburg, Germany and 'People's Education' under Paulo Friere in Geneva. He also has expert knowledge in FCRA and legal matters pertaining to Trust and Society in India



**Mr. C.B. Samuel, Trustee** - Mr. Samuel is an experienced resource person and is the head of a network of voluntary organizations called 'PRABHAAV'. He has been involved in numerous mentoring and counseling processes for NGOs on leadership development. He is also actively involved in building capacities of development organizations on programme and governance related matters.

## 3. OUR PROGRAMMES

## FMSF'S CORE PROGRAMMES

### Financial Monitoring

- Project Monitoring
- Related Capacity Building Activities

### Capacity Building

- Training & Workshops
- Information Dissemination
- Research & Publication
- Online Courses
- Networks

## **Objectives of FMSF's Programmes**

- ❖ **Undertaking financial monitoring of BftW projects through enhanced communication 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 augment the organizational capacity of the BftW partner organizations in the areas of financial management, legal compliance and related governance as well as develop and promote good governance.**

## *Building capacities*



## 3.1 FINANCIAL MONITORING

One of the core areas FMSF's work is the financial monitoring of BftW supported development projects. The overall objective is to facilitate development process by enhancing capacities of partner organizations and also work towards institutionalization of 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

### **3.1.1. Analysis of organizational profile and Institutional audit report**

FMSF is bestowed with the responsibility of analysing organizational profile. Organizational strength and weaknesses are assessed and evaluated through analysing organizational profile, various policies and last three years' Audit reports by programme monitoring officer. The analysis provides 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.

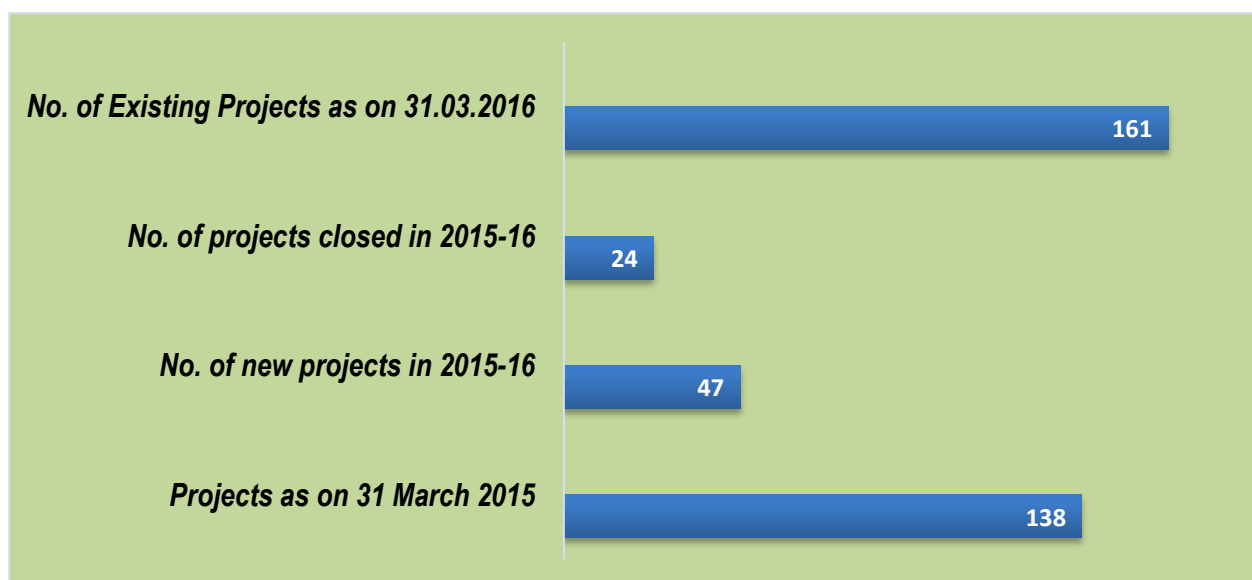
Prefunding assessments are conducted through desk review followed by onsite visit to the partner organization. A detail report covering all the above mentioned areas is prepared with section wise recommendations for the partners to implement. A structured assessment tool is used for the review process. This assessment tool 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 Head Programme Desk and the Executive Director before it is sent to BftW.

**Table 1: Audited Financial Reports & Progress Reports in 2015-2016**

<b>Period</b>	<b>Audited Financial Reports</b>	<b>Progress Reports</b>
April 2015 – September 2015	99	105
October 2015 – March 2016	114	100
<b>Total</b>	<b>213</b>	<b>205</b>

**3.1.3. Receipt & analysis of reports**

During the period from April to September 2015, we have received 99 audited financial reports and 105 progress reports and in the period October 2015 to March 2016, we received 114 audited financial reports and 100 progress reports. Thus, during the reporting period, FMSF received 213 audited financial reports and 205 progress reports. Out of these, the number of projects for which both the audited financial reports and progress reports were received was 176.

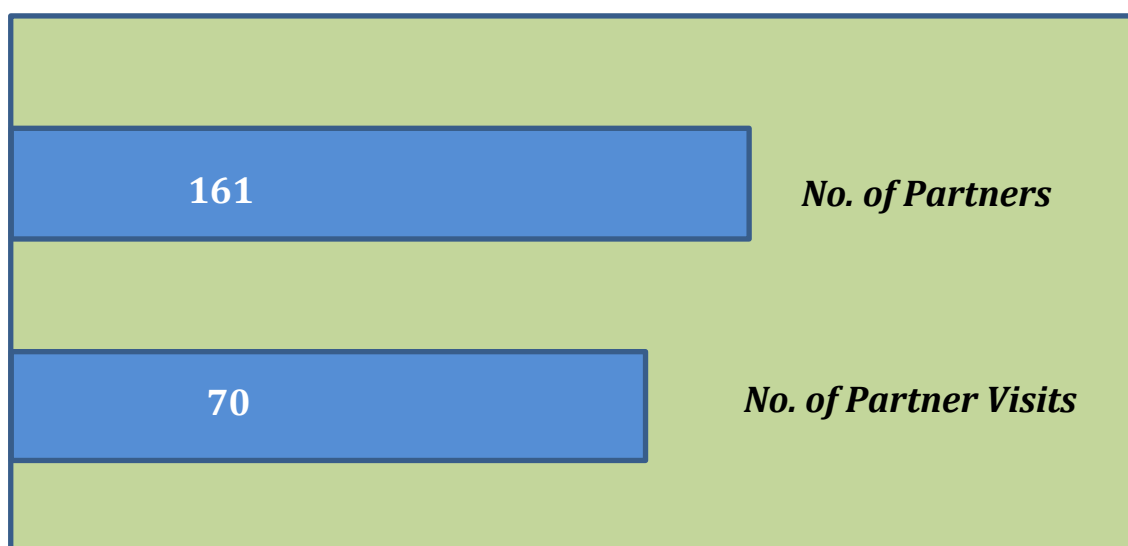
**Chart 1: New Projects & Closed Projects in 2015-16**



During the reporting period, a total of 47 new projects were commenced and 24 old projects were closed. As on 31<sup>st</sup> March 2016, FMSF monitors 161 BftW supported projects (Chart 2).

### 3.1.4. Partner visits

**Chart 2: Partner visits undertaken during the year**



FMSF conducts regular visits to partners for monitoring and support purposes. The objective of partner visits is to provide support as well as discuss project related issues and queries. Based on BftW standard's, FMSF provides information and suggestions on issues pertaining to reports; fund utilizations; fund request; cash flow, etc. Monitoring officers also visit programme implementation site that facilitates in monitoring the progress of the projects. In 2015-16, the number of partners that were visited was 70.

## Partner Visits



### **3.1.5. Pool of auditors**

FMSF has created a pool of experienced auditors, in order to increase the quality of project audit and to encourage partners to practice rotation of 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**

In 2011 a centralized system for internal monitoring was operationalized in order to standardize internal project monitoring processes, align internal processes and provide enhanced quality at all levels. This web-based portal is a real-time application to manage and track the BftW project monitoring processes such as receipt of reports, preparation of PME sheets, cash flow, etc. on global and individual project status reports.

#### **ii. Capacity building software**

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

- Data storage of resource materials inclusive of participant lists and feedback sheets from various workshops
- Automatic delivery of invitations to selected participants

The capacity building software is inter-linked with the monitoring software for which partner-wise issues are selected and effectively addressed. The advantage of this software is that the data can be accessed from anywhere online.

### **3.1.7 Self-assessment rating tool for NPOs ([www.rateyourngo.org](http://www.rateyourngo.org))**

A Web based rating tool has been developed by FMSF to assess the status of an organization in the areas of Governance, Management, Finance and Program. This is a diagnostic tool that strengthens internal systems by ascertaining 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.

## 3.2 CAPACITY BUILDING

FMSF capacitates the voluntary sector by conducting various training programs and workshops for the voluntary organizations in India. Apart from organizing workshops and consultations, members of the FMSF Resource team undertake various training sessions in workshops organized by other agencies.

The capacity building initiative of FMSF is composed of five pronged strategy:

Figure 1 Components of Capacity Building





### 3.2.1 Trainings & Workshops



Based on numerous findings from its monitoring and evaluation activities, FMSF has identified six modules for the training:

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

Considering this as a vast template, FMSF expects that every organization undergo training in all these capsules. Depending on the size and limit of these capsules, some of the areas are clubbed together for a single workshop. However, all the workshops contain an exclusive session on BftW reporting requirements. These workshops organized for a period of 1.5 to 2 days focusing on providing a platform for in depth discussion, case studies solving, sharing experiential learning for participants working in the voluntary sector.

Under trainings and workshops, FMSF organizes and as well as facilitates workshops for the voluntary sector. The other aspect being that FMSF also partners as the resource team for facilitating the workshops organized by different partner organizations,

In the year 2015-16, FMSF has organized and facilitated 4 workshops for BftW partners and facilitated 2 workshops for BftW and Non- BftW partners, details for which are given below:

**i. Workshops organized by FMSF for BftW partner organizations**

**Table 2: Workshops organized by FMSF for BftW partners organizations**

Sl. No.	Topics addressed	No. of Participants	Place & Date of Workshop
1	Workshop on “Organizational effectiveness through Governance”	15 BftW partners	4 <sup>th</sup> & 5 <sup>th</sup> June 2015, Hyderabad
2	7 <sup>th</sup> Regional NAN Convention	38 BftW participants & 62 Other organization participants	24 <sup>th</sup> & 25 <sup>th</sup> August 2015, Bangalore
3	Workshop on “Risk Management”	-	01 <sup>st</sup> & 2 <sup>nd</sup> December 2015
4	BftW Partners Auditors Meet	16 BftW Partners	10 <sup>th</sup> & 11 <sup>th</sup> December 2015

### 3.2.2 Learning Systems

In order to strengthen knowledge base of personnel working in the voluntary sector, FMSF launched two online programmes in the areas of financial management and governance. The first online program, Diploma in Financial Management & Accountability (DFMA) was launched in 2008 in collaboration with Tata Institute of Social Sciences (TISS), Mumbai. The second online programme on NPO Governance was started in the year 2012 by FMSF.

#### i. Diploma in Financial Management & Accountability (DFMA)

DFMA: One year long-distance education program in collaboration with Tata Institute of Social Sciences (TISS), Mumbai catering education in financial management in the voluntary sector. The course is specifically designed for personnel already working in voluntary sector seeking to equip themselves with financial management skills as well as for persons who wish to join the voluntary sector in future.

The DFMA programme provides an admixture of theoretical and practical knowledge on the nuances of day to day functioning of NGOs in India. The indispensable elements involved in the daily operations of organizations in the voluntary sector such as book-keeping and accounting, budgeting and monitoring, control systems, audit are well captured by the programme. The programme also contains a separate paper on legal framework and governance which are very crucial with the changing legal milieu in the country and the rules and regulations becoming more stringent.

The faculty for the DFMA programme has rich experience and background in the voluntary sector, renowned and acclaimed for their academic profile.

The course design has been jointly developed by FMSF and TISS. The course is entirely web-based and hard copies of the study materials are delivered to students. The courseware is flexible i.e. either students can pursue all 4 modules or they can opt to pursue only 2 modules.

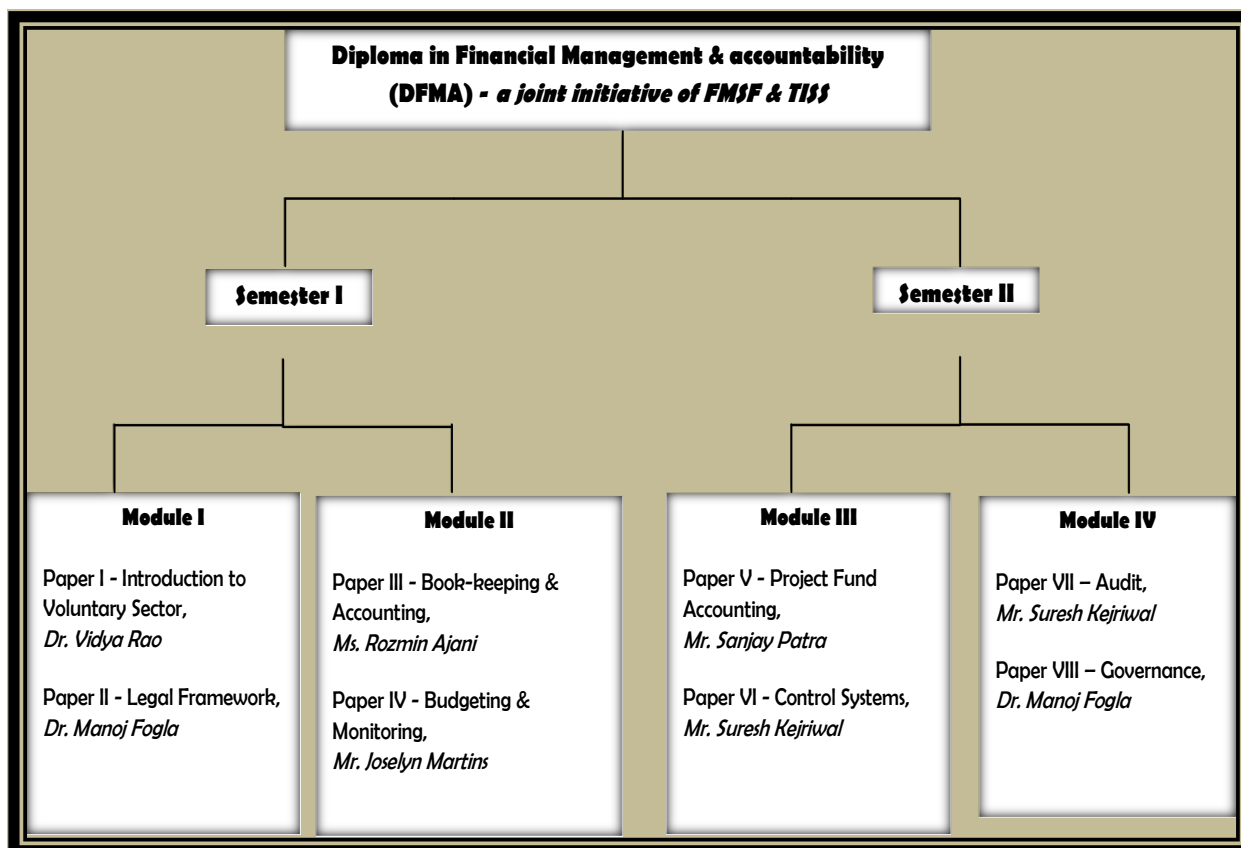
Thus, a student who completes all 4 modules successfully is awarded a Diploma degree while a student who completes 2 modules is awarded a Certification degree.

In the year 2015-16, the twelfth batch successfully completed the course, and sessions for the thirteenth and fourteenth batches are in progress. Registration for the eleventh batch has been going on classes for which will start in May 2017.

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



Figure 2: Details of Paper &amp; Faculties of DFMA Programme



## ii) NPO Governance Programme (NPOGP)

The NPO Governance Programme is an online educational platform that enables professionals to develop an understanding on governance issues in the voluntary sector-

- ❖ 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 design is in four modules (**See Figure 3**) and considering examinations and internal assessments it can be completed in six months' time.

In the year 2015-16, the fourth batch 6 & 7 were successfully awarded the completion certificate.

### 3.2.3. Networks

A network is a specialized resource pool focused for developing an effective linkages and increased knowledge sharing. FMSF works closely with various organizations and like-minded agencies to build linkages and enhance the accountability and transparency in the voluntary sector through NGO Accountants Network (NAN).

#### NGO Accountants Network (NAN)

Financial Management Service Foundation (FMSF) initiated the NGO Accountants Network (NAN) in January 2005. NAN is a network of accountants working in the voluntary sector. NAN was formed as a response to address the need of capacity building of the NGO accountants and thereby promoting accountability. NAN aims at providing a forum for mutual learning and growth. In order to provide a platform for sharing experiences and inputs, a convention is held where all the NAN members and accountants from other voluntary organizations are invited. Till date, FMSF has successfully organized six NAN Conventions in India.



The 6th NAN convention attracted a large number of participants held at Bangalore. There were 104 participants from 17 states of India. The convention served as a platform for sharing of knowledge and experiences. The convention focused on grant management and legal compliances in the voluntary sector. A special focus was given on the clarification of practical issues in FCRA, income tax, grant management and online filling of returns. The sessions were facilitated by acclaimed experts and eminent professionals with vast experience in the areas of financial management, legal compliances and governance issues namely, Dr. Manoj Fogla, Mr. Suresh Kejriwal, Ms. Rozmin Ajani and Mr. Sanjay Patra. All NAN members regularly receive our e-publications such as Governance Tool box Series, E- communiqué- Standards & Norms, etc.

**FCRA Clinics** A nationwide outreach initiative was launched in the form of “FCRA Clinic for Voluntary Organizations” that specifically focused on issue of renewal of FCRA and related compliance requirement as well as preparedness for the same. The objective of the workshop is to help the NGOs across nation to develop clarity on the following areas related to FCRA 2010:

- ❖ Compliance requirements under the FCRA law
- ❖ FCRA Renewal Process

This workshop covered 16 cities nationwide in the states of Uttar Pradesh, Maharashtra, Karnataka, Manipur, Telangana, Tamil Nadu, Madhya Pradesh, Chhattisgarh, Jharkhand, Bihar, Rajasthan, Odisha and West Bengal. The Resource persons for the workshops comprised of professionals who are well versed on FCRA law. The resource team also has a rich experience in conducting workshops on FCRA law in different parts of India and providing advice on issues pertaining to FCRA compliances to various organizations.

- Each workshop comprised of the following sessions:
- Overview of the Foreign Contribution Regulation Act (FCRA), 2010 and the Foreign Contribution Regulation Rules (FCRR), 2011
- Critical issues under the FCRA 2010
- FCRA Renewal Requirements & Procedure and Filling Renewal application in form FC-5

- The workshop was conducted in a participative and interactive mode. The compliances under the Act and the Rules were explained in comprehensible language which could be understood by a layman. For delivery purpose, languages such as Hindi and Oriya were used along with simple English language. Various tool and techniques that were used for the workshop are power point-presentations, discussions and case studies. Further, participants who wished to discuss their FCRA related queries on an individual basis with the resource persons could do so after the end of the workshop's planned sessions.

**Table 3.-FCRA Renewal Clinics**

FCRA Renewal Clinics- Location wise No. of participants		
S.no	Locations	No. of participants
1	Mumbai FCRA Renewal Clinic	113
2	Bangalore FCRA Renewal Clinic	110
3	Delhi FCRA Renewal Clinic	104
4	Imphal FCRA Renewal Clinic	80
5	Hyderabad FCRA Renewal Clinic	79
6	Kolkata FCRA Renewal Clinic	79
7	Chennai FCRA Renewal Clinic	70
8	Ranchi FCRA Renewal Clinic	68
9	Bhubaneswar FCRA Renewal Clinic	67
10	Lucknow FCRA Renewal Clinic	66
11	Raipur FCRA Renewal Clinic	65
12	Pune FCRA Renewal Clinic	54
13	Bhopal FCRA Renewal Clinic	44
14	Patna FCRA Renewal Clinic	41
15	Udaipur FCRA Renewal Clinic	33
16	Ahmedabad FCRA Renewal Clinic	24
<b>Total</b>		<b>1097</b>



## **4. RESEARCH, PUBLICATIONS AND INFORMATION DISSEMINATION**

As a resource based organization, one of FMSF's efforts is to impart information on issues pertinent to the voluntary sector by communicating any developments/changes in the legal setting may which have different compliances requirements, policy and procedural changes within the organization. FMSF regularly produces an E-communiqué- Standards & Norms. It also engages in research work on financial management, governance and legal issues and regularly comes up with new publications, concept notes and resource materials, which are distributed free of cost to registered members as well as those who subscribe to our publications. Other hard bound publications are available at a nominal charge. In this way, FMSF plays a crucial role in providing information to the voluntary sector.

#### **4.1 Research**

Research is an integral component of FMSF and therefore it follows a three pronged strategy for its promotion:

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

Research stresses on- Financial management, Social accountability & audit and Governance. FMSF has worked on many areas and developed material on various development related issues.

##### **a. In-house research**

One of the initiatives undertaken by FMSF is the development of concept notes and resource materials. FMSF has produced concept notes on (Allocation of Common Cost 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. In the past, FMSF has also brought out concept notes on Notional Expenditure and Management Letter.

These concept notes and tools are widely circulated among BftW partner organizations and are also accessible by other voluntary organizations in the official website of FMSF.

FMSF also maintains a helpline for organizations on various issues pertaining to governance, legal constitution of NGOs, Income Tax, FCRA and other applicable laws. All the queries are handled by an expert research team.

## b. Internship

During the period 2015-16, one graduate student from Bharati Vidyapeeth Deemed University and interned and worked on various aspects of financial management, legal compliances and capacity building.

## 4.2 Publications & information dissemination

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

### a. Publication

During the period 2015-16, FMSF published “Handbook on CSR for Corporates & NPOs”. It is a comprehensive handbook providing comparative analysis of the various Legal regulations governing voluntary sector. It also provides overview on the various Governance processes that are essential for complying with the various legal provisions. Following is the list of books published by FMSF till dates are;

- ❖ Finance & Legal Handbook for NPOs- 3<sup>rd</sup> & 4<sup>th</sup> 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
- ❖ Handbook for Corporates & NPOs

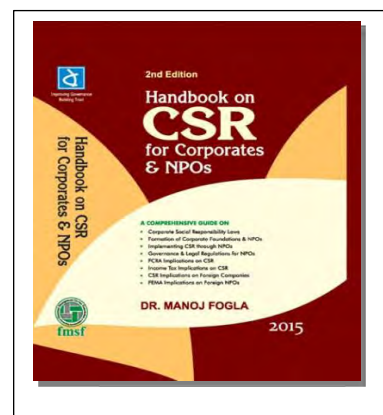


Figure 4: Handbook on CSR for Corporates & NPOS

Total Publictations during the period 2015-16 was 151.

## 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 5: INTERface Vol. XV, Issue 1



### TOPICS COVERED

- NGOs having activity outside India
- Filing of Returns and Allied Compliance under Income Tax
- Accounting Treatment of Project Grants
- CSR Provisions under Section 135

## c. **E-communiqué - Standards & Norms**

Since October 2008, FMSF has been regularly disseminating information on legal and financial aspects through its monthly e-communiqué, ‘Standards & Norms’ which acts as a resource base for governance, accounting & legal regulations in India. The chief contributor of legal inputs for this e-communiqué is Dr. Manoj Fogla, a renowned FCA and Senior Consultant, who is supported by the editorial team of FMSF consisting of Mr. Sanjay Patra, Executive Director and Mr. Sandeep Sharma, Head Programme Desk. The e-communiqué has an outreach of more than 4000 individuals.

In the year 2015-16, 9 issues of Standards & Norms were published on the following topics:

- ❖ It is not mandatory to file FC renewal application before 30th April
- ❖ NGOs having activity outside India
- ❖ Filing of returns and Allied Compliance Under Income Tax
- ❖ What is “Substantially Financed By Government”?
- ❖ How to prepare statement of Income and Accumulation
- ❖ Accounting Treatment of Project Grants
- ❖ Amended Procedure For Renewal Of FCRA Registration
- ❖ Online Filing Of Annual Return Under FCRA
- ❖ Budget 2016 Far Reaching Implications On Cancellation Of 12AA Registration

**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 a total of 36 issues that touches upon as governance of an organization. Each issue comes with a self-assessment tool for NPOs to assess and address the critical areas. Till 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 6*

Fig. 6: List of FMSF websites

- 
- A blue rounded rectangular box containing a list of six websites. Each website URL is preceded by a yellow diamond icon and is underlined.
- ❖ [www.fmsfindia.org](http://www.fmsfindia.org)
  - ❖ [www.incometaxforngos.org](http://www.incometaxforngos.org)
  - ❖ [www.legalissuesforngos.org](http://www.legalissuesforngos.org)
  - ❖ [www.fcraforngos.org](http://www.fcraforngos.org)
  - ❖ [www.socialaccountability.net](http://www.socialaccountability.net)
  - ❖ [www.fmsflearningsystems.org](http://www.fmsflearningsystems.org)



# 5. 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 41st Board meeting was held on 31<sup>st</sup> August'2015 Noida, 42<sup>nd</sup> Board meeting on 5<sup>th</sup> January'2016 in Hyderabad..

### **ii. Executive Meeting**

During the reporting period, the executive meeting was held on 4<sup>th</sup> March'2016, 2 p.m. at CEO Centre, Bangalore

### **Annual Planning Meeting**

The annual planning meeting was held from 3<sup>rd</sup> to 6<sup>th</sup> January'2016, Hyderabad. The annual planning began with organizational development process (OD process) which was 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.

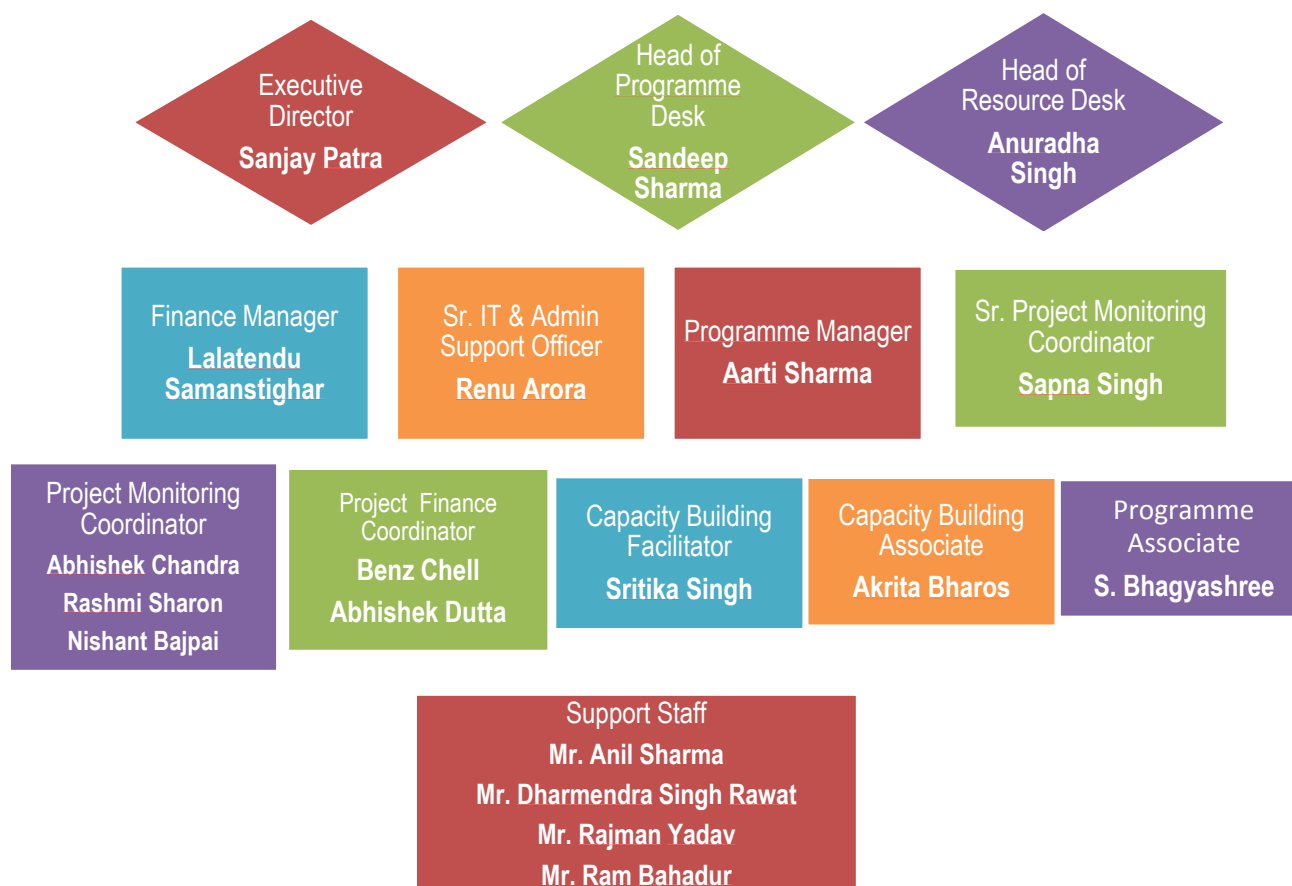


## 5.2 Audit

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 2015-16, the statutory auditor of FMSF was Raghunath 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 **31<sup>st</sup> March 2016** is as follows:



**Fig. 7: FMSF Team**

#### 5.4. Staff development Programme

It is essential for an organization to create a conducive environment for its personnel for achievement of outputs. Therefore FMSF lays stress on developing the capacities of its staff members from time to time. The staff members are constantly motivated to participate in workshops, trainings, organizational development processes (OD) and appraisals processes. The ToT for the staff was also held from 20-21<sup>st</sup> July 2015 at Clarke Shiraz at Agra.

#### 5.5. Performance appraisal

Performance appraisals are conducted by FMSF where its Board evaluates the performance of the Executive Director and senior staff members every year. The Management team also evaluates staff members of FMSF. In a year, one appraisal and one performance review are conducted for the staff (i.e. one in every six months). Both the appraisal and the performance review are participatory in nature.

#### 5.6. 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. Legal compliances of filing audit and annual returns are adhered to. Further, FMSF also complies with the reporting requirements of the resource sharing agencies like BftW, MISEREOR and ICCO.

#### 5.7. Sustainability

##### i. Financial Sustainability

Financial sustainability of FMSF is ensured through contributions by the BftW, Germany. Some of the other specific aspects that contribute in resource mobilization of FMSF are:

- ❖ **Working with other donors:** While FMSF derives support from the BftW for the financial monitoring of development projects; it is also works with other funding agencies such as MISEREOR and ICCO thus enabling FMSF to receive support from these agencies.
- ❖ **Training fees from workshops:** FMSF also conducts workshops for non-BftW partners and charges nominal fees for training purposes

##### ii. Programmatic sustainability

FMSF also tries to achieve a holistic sustainability by interlinking programmatic and financial sustainability. DFMA and NPO Governance programmes provide programmatic sustainability. Research in knowledge development on fiscal and legal laws of voluntary sector also contribute to FMSF's position in areas of programme management thereby ensuring sustainability.

## 6. FINANCIAL INFORMATION



**Raghu Nath Rai & Co**

Chartered Accountants

9 Mathura Road, Jangpura 'B', New Delhi-110014

Phones / Auto Fax: 91-11-24372181-82-83

**INDEPENDENT AUDITOR'S REPORT****TO THE MEMBERS OF FINANCIAL MANAGEMENT SERVICE FOUNDATION, NOIDA****Report on the Financial Statements**

We have audited the accompanying financial statements of University of **FINANCIAL MANAGEMENT SERVICE FOUNDATION** (Trust), which comprise the Balance Sheet as at March 31, 2016, and the Income & Expenditure Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Trust in accordance with the Generally Accepted Accounting Principles. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Trust as at March 31, 2016; and
- b) in the case of the Income & Expenditure Account, of the excess of income over expenditure for the year ended on that date.



Place: New Delhi  
Date: 05/08/2016

For RAGHU NATH RAI &amp; CO.

Chartered Accountants

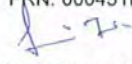



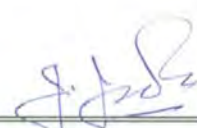
FRN: 000451N



SAMIR JAIN

(Partner)

Membership No. : 77010

FINANCIAL MANAGEMENT SERVICE FOUNDATION (A REGD. PUBLIC CHARITABLE TRUST)			
BALANCE SHEET AS AT 31ST MARCH 2016			
	Schedule	As at 31.03.2016 Amount (Rs.)	As at 31.03.2015 Amount (Rs.)
<b>SOURCES OF FUNDS</b>			
Unutilised Grants	I	994,866	1,941,756
Corpus Fund	II	11,582	11,190
General Fund	III	23,158,260	20,799,331
Assets Fund Account	IV	9,922,930	10,570,643
<b>TOTAL</b>		<b>34,087,638</b>	<b>33,322,920</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	V	33,658,570	33,299,006
Less : Depreciation		23,735,640	22,728,363
Net Block		9,922,930	10,570,643
<b>Investments</b>	VI	16,329,665	13,181,015
<b>Current Assets, Loans &amp; Advances</b>			
Cash and Bank Balances	VII	4,101,224	3,745,742
Other Current Assets	VIII	2,818,546	5,497,927
Loans and Advances	IX	1,358,248	897,509
		8,278,018	10,141,178
<b>Less: Current Liabilities &amp; Provisions</b>			
Expenses Payable	X	392,975	519,916
Other Liabilities		50,000	50,000
<b>Net Current Assets</b>		<b>7,835,043</b>	<b>9,571,262</b>
<b>TOTAL</b>		<b>34,087,638</b>	<b>33,322,920</b>
Significant Accounting Policies and Notes forming an integral part of accounts			
XI			
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  (CHAIRMAN)  (EXECUTIVE DIRECTOR)	
Place : New Delhi Date : 05 AUG 2016		 (TRUSTEES) 	





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

**SCHEDULE - I**

**GRANT'S UNUTILISED / RECEIVABLE FORMING PART OF  
BALANCE SHEET AS AT 31ST MARCH 2016**

Funding Agency	Opening balance as on 01.04.2015		Transactions during the year			Surplus/ (Deficit) transferred to General Fund	Closing balance as on 31.03.2016	
	Unutilised	Receivable	Income	Expenditure	Unspent / (Overspent)		Unutilised	Receivable
<b>BFTW</b>								
- Project No.20100003	-	3,071,595	3,082,763	-	3,082,763	11,168	-	-
- Project No.20140043E	-	-	23,502,446	23,673,773	(171,327)			171,327
<b>Misereor-DFMA Programme</b>								
- Project No.321-900-1465 ZG.	-	874,910	933,357	786,337	147,020	-	-	727,890
<b>ICCO</b>								
- Main Grant	264,735	-	3,767	10,497	(6,730)	-	258,005	-
- Other Grant	1,677,021	-	-	940,160	(940,160)	-	736,861	-
<b>TOTAL</b>	<b>1,941,756</b>	<b>3,946,505</b>	<b>27,522,333</b>	<b>25,410,767</b>	<b>2,111,566</b>	<b>11,168</b>	<b>994,866</b>	<b>899,217</b>



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

SCHEDULE - II

CORPUS FUND FORMING PART OF  
BALANCE SHEET AS AT 31ST MARCH 2016

Corpus Fund	As at 31.03.16 Amt. (Rs.)	As at 31.03.15 Amt. (Rs.)
Contribution made by the Settler Trustees		
Opening Balance	11,190	10,812
Add : Interest thereon	392	378
Closing Balance	11,582	11,190

SCHEDULE - III

GENERAL FUND FORMING PART OF  
BALANCE SHEET AS AT 31ST MARCH 2016

General Fund	As at 31.03.16 Amt. (Rs.)	As at 31.03.15 Amt. (Rs.)
Opening Balance	20,799,331	19,914,197
Add : Transfer during the year		
Foreign Contribution Account		
Surplus /Deficit as per Grant Account		
- Misereor	-	62,000
- BFTW	11,168	11,287
Surplus as per Income and Expenditure Account	2,347,761	811,847
Sub Total	23,158,260	20,799,331
Less : Expenditure during the year	-	-
Closing Balance	23,158,260	20,799,331

SCHEDULE - IV

ASSETS FUND ACCOUNT FORMING PART OF  
BALANCE SHEET AS AT 31ST MARCH 2016

Assets Fund Account	As at 31.03.16 Amt. (Rs.)	As at 31.03.15 Amt. (Rs.)
Opening Balance	10,570,643	11,663,903
Add:		
Assets purchased during the year	1,458,647	693,135
	12,029,290	12,357,038
Less :		
Discarded/ sold/ transferred during the year	457,547	190,796
Depreciation for the current year	1,648,813	1,595,599
Closing Balance	9,922,930	10,570,643



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

**SCHEDULE - V**

**FIXED ASSETS FORMING PART OF  
BALANCE SHEET AS AT 31ST MARCH 2016**

Fixed Assets		Rate of Dep. %	Gross Block			Depreciation Block			Amount (Rs.)			
			Cost as at 01.04.2015	Additions during the year	Sales / discarded during the year	Cost as at 31.03.2016	Dep. upto 01.04.2015	Adj. for sales/ discarded during the year	Dep. for current year	Dep. upto 31.03.2016	W.D.V. as on 31.03.2016	W.D.V. as on 31.03.2015
<b>FOREIGN CONTRIBUTION ACCOUNT</b>												
<b>Office Premises(EED)</b>												
		10	15,935,570	-	-	15,935,570	10,820,137	-	511,543	11,331,680	4,603,890	5,115,433
		15	1,125,237	-	-	1,125,237	939,606	-	27,845	967,451	157,786	185,631
		10	1,224,054	-	-	1,224,054	814,456	-	40,960	855,416	368,638	409,598
<b>EED Main Grant</b>												
		60	1,596,531	155,075	69,000	1,682,606	1,137,382	68,506	346,008	1,414,884	267,722	459,149
		10	3,476,205	90,026	-	3,566,231	2,320,565	-	124,567	2,445,132	1,121,099	1,155,640
		15	5,408,358	38,013	-	5,446,371	4,039,831	-	209,753	4,249,584	1,196,787	1,368,527
		15	2,889,684	1,175,533	1,030,083	3,035,134	1,518,813	573,030	313,403	1,259,186	1,775,948	1,370,871
		15	1,830	-	-	1,830	1,439	-	59	1,498	332	391
		15	43,283	-	-	43,283	33,258	-	1,504	34,762	8,521	10,025
<b>Intangible Assets</b>												
<b>ICCO</b>												
		60	183,971	-	-	183,971	183,076	-	537	183,613	358	895
		10	58,400	-	-	58,400	26,395	-	3,201	29,596	28,804	32,005
		15	597,839	-	-	597,839	382,180	-	32,349	414,529	183,310	215,659
		15	631,744	-	-	631,744	393,482	-	35,739	429,221	202,523	238,262
<b>Misereor</b>												
		60	100,000	-	-	100,000	99,590	-	246	99,836	164	410
<b>Intangible Assets</b>												
<b>Software</b>												
<b>LOCAL CONTRIBUTION ACCOUNT</b>												
		15	20,900	-	-	20,900	15,205	-	854	16,059	4,841	5,695
		10	5,400	-	-	5,400	2,948	-	245	3,193	2,207	2,452
<b>Total</b>												
			33,299,006	1,458,647	1,099,083	33,658,570	22,728,363	641,536	1,648,813	23,735,640	9,922,930	10,570,643
<b>Previous year</b>												
			35,771,373	693,135	3,165,502	33,299,006	24,107,470	2,974,706	4,592,590	22,728,363	10,570,643	11,670,643





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

SCHEDULE - VI

INVESTMENTS FORMING PART OF  
BALANCE SHEET AS AT 31ST MARCH, 2016

Investments	As at 31.03.16 Amt. (Rs.)	As at 31.03.15 Amt. (Rs.)
<b>Fixed Deposits with Scheduled Banks</b>		
<u>Foreign Contribution Account</u>		
Bank of Baroda		
- General Fund	4,136,029	3,787,494
<u>Local Contribution Account</u>		
HDFC Bank		
- General Fund	12,193,636	9,393,521
<b>TOTAL</b>	<b>16,329,665</b>	<b>13,181,015</b>

SCHEDULE - VII

CASH AND BANK BALANCES FORMING PART OF  
BALANCE SHEET AS AT 31ST MARCH, 2016

Cash and Bank Balances	As at 31.03.16 Amt. (Rs.)	As at 31.03.15 Amt. (Rs.)
<b>Cash in hand</b>		
<u>Foreign Contribution Account</u>		
- EED	16,211	51,170
- ICCO	-	-
- General Fund	7,924	12,494
<u>Local Contribution Account</u>		
- General Fund	9,778	20
<b>Balance in Saving Accounts with Scheduled Banks</b>		
<u>Foreign Contribution Account</u>		
Bank of Baroda-22750100001629	3,571,487	1,241,508
Other Bank		
HDFC Bank Ltd-06511450000170		
- General Fund	68,332	57,908
<u>Local Contribution Account</u>		
Standard Chartered Bank-52810053051		
- General Fund	(1,379)	
- Corpus Fund	11,582	10,203
<u>ICICI Bank</u>		
- ICICI Bank-628401054705-General Fund	7,287	
- ICICI Bank-628401054277-General Fund	7,655	
- ICICI Bank-628401054705-General Fund	23,287	72,893
<u>HDFC Bank</u>		
- HDFC-06511450000016-General Fund	306,921	
- HDFC-06511450000023-General Fund	72,139	
<b>TOTAL</b>	<b>4,101,224</b>	<b>3,745,742</b>



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

SCHEDULE - VIII

OTHER CURRENT ASSETS FORMING PART OF  
BALANCE SHEET AS AT 31ST MARCH, 2016

Other Current Assets	As at 31.03.16 Amt. (Rs.)	As at 31.03.15 Amt. (Rs.)
Interest accrued but not due		
- Foreign Contribution Account	376,857	
- Local Contribution Account	524,377	
	901,234	738,413
Tax Deducted at Source		
- Foreign Contribution Account	451,967	
- Local Contribution Account	566,128	
	1,018,095	813,009
Grant Receivable	899,217	3,946,505
<b>TOTAL</b>	<b>2,818,546</b>	<b>5,497,927</b>

SCHEDULE - IX

LOANS AND ADVANCES FORMING PART OF  
BALANCE SHEET AS AT 31ST MARCH, 2016

Loans and Advances	As at 31.03.16 Amt. (Rs.)	As at 31.03.15 Amt. (Rs.)
Security Deposits		
- General Fund	37,000	85,448
- ICCO	1,750	1,750
Prepaid Expenses		
- EED	12,505	-
Amount Recoverable in cash or kind or value to be received		
- General Fund	1,205,993	
- Local	101,000	
	1,306,993	810,311
<b>TOTAL</b>	<b>1,358,248</b>	<b>897,509</b>



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

SCHEDULE - X

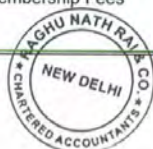
CURRENT LIABILITIES AND PROVISIONS FORMING PART OF  
BALANCE SHEET AS AT 31ST MARCH, 2016

Current Liabilities and Provisions	As at 31.03.16 Amt. (Rs.)	As at 31.03.15 Amt. (Rs.)
<u>Expenses payable</u>		
- EED	318,717	519,916
- Misereor	74,258	-
Sub Total	392,975	519,916
<u>Security Deposits</u>		
- General Fund	50,000	50,000
Sub Total	50,000	50,000
<b>TOTAL</b>	<b>442,975</b>	<b>569,916</b>



FINANCIAL MANAGEMENT SERVICE FOUNDATION (A REGD. PUBLIC CHARITABLE TRUST)			
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2016			
	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<b>INCOME</b>			
<b>FCRA</b>			
Contributions		-	616,460
Sale of Publications		40,445	53,590
Rent		793,709	550,000
Bank Interest		607,265	779,391
Income from other facilities provided		372,943	329,300
Honorarium		35,000	144,000
Sale of Assets		457,547	-
Other		1,655	37,152
<b>Local</b>			
Contributions		100,000	-
Bank Interest		1,011,805	901,264
Sale of Publications		160,100	-
Honorarium		28,500	36,000
Registration fees - NAN workshop		143,000	-
Registration fees - FCRA workshop		14,400	-
Other Receipts		-	19,935
<b>Total</b>		<b>3,766,369</b>	<b>3,467,092</b>
<b>EXPENDITURE</b>			
<b>Expenditure - FCRA</b>			
<i>(Programmes for the poorest and most deprived section of the community and evaluation of performances)</i>			
Staff Cost		730,042	2,254,471
Consultant Fees		-	65,000
Travel and Conveyance		-	201,324
Boarding and Lodging		-	21,800
Other Expenses		-	1,750
Printing and Stationary		-	1,500
Postage		3,924	2,493
Expenses on facilities provided		269,305	106,417
Loss on sale of Assets		82,047	-
<b>Expenditure - Local</b>			
<b>FCRA Workshop Expenses</b>			
- Travel and Convenues		35,178	-
- Lodging and Boarding		31,003	-
- Other Expenses		2,258	-
- Hall Charges		3,000	-
- Honorarium		25,000	-
- Audit Fees		4,008	-
<b>NAN Convention Workshop Expenses</b>			
Membership Fees		101,779	-
		114,000	-

contd.



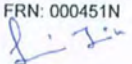

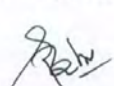


Postage Publication	2,484	-
Printing and Stationary - Publication	900	-
Subscription Fees	13,680	-
Bank Charges	-	490
<b>Total</b>	<b>1,418,608</b>	<b>2,655,245</b>
Excess / Deficit of Income over Expenditure Transferred to General Fund	III 2,347,761	811,847

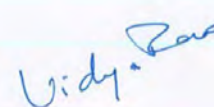

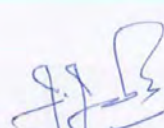
  

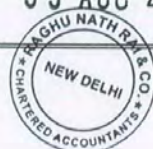
Significant Accounting Policies and Notes forming an integral part of accounts	XI
--	----

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  (CHAIRMAN) -	 (EXECUTIVE DIRECTOR)
--	--	---

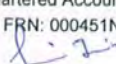
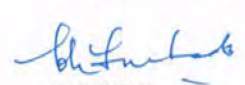




Place : New Delhi Date : 05 AUG 2016	  (TRUSTEES)	
---	--	--



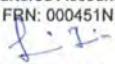

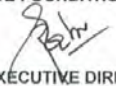




FINANCIAL MANAGEMENT SERVICE FOUNDATION (A REGD. PUBLIC CHARITABLE TRUST) FOREIGN CONTRIBUTION ACCOUNT <u>BFTW</u> GRANT UTILISATION STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016			
	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<b>INCOME</b>			
Grant Received		23,448,022	19,467,636
Interest		54,424	18,870
<b>Total</b>		<b>23,502,446</b>	<b>19,486,506</b>
<b>EXPENDITURE</b>			
<u>Programme Costs</u>			
<i>(Standardizing Capacity and Compliance - From Concept to Praxis)</i>			
<b>Monitoring and Consultancy Staff Costs and Training</b>			
Staff Costs		5,114,286	4,446,295
Monitoring Software		-	70,000
<b>Sub Total</b>		<b>5,114,286</b>	<b>4,516,295</b>
<b>Travel Costs for Partner Visits</b>			
Travel and Conveyance		676,614	764,109
Boarding and Lodging		467,072	404,482
Other Expenses		43,334	110,153
<b>Sub Total</b>		<b>1,187,020</b>	<b>1,278,744</b>
<b>Capacity Building - Workshops, Consultancies</b>			
Annual Planning and Core Group Meeting Expenses		408,812	560,478
Workshops and Seminars (TOT & Auditors)		1,222,556	2,815,349
Travel and Conveyance		6,528	181,676
Boarding and Lodging		1,300	303,627
Networking / Other Expenses		-	89,074
Consultancy Fees		-	50,000
Cost of Publication		-	-
- Author Fees CSR		-	530,000
- Translation Fees-FCRA		-	50,000
- Printing charges FCRA		-	11,980
- Travel and Conveyance		-	400
<b>Sub Total</b>		<b>1,639,196</b>	<b>4,592,584</b>
<b>Staff Costs Capacity Building</b>		<b>2,689,913</b>	<b>2,109,389</b>
<b>Publications, Research, FMSF Websites</b>			
Cost of Newsletter		105,489	174,704
Printing of Annual Report and Brochures		51,500	28,000
Website Expenses		150,455	61,457
Staff Costs		1,955,997	677,685
Software Expenses		-	108,602
Membership & Subscription Fees		1,604	4,841
Cost of Publications		-	-
- Author Fees		580,000	300,000
- Printing Charges		198,728	-
- Travel and Conveyance		-	1,200
<b>Sub Total</b>		<b>3,043,773</b>	<b>1,356,489</b>
<u>Co-ordination and Administration Costs</u>			
<b>Staff Costs and Training</b>			
Staff Costs		4,389,398	3,797,278
<b>Sub Total</b>		<b>4,389,398</b>	<b>3,797,278</b>

contd.

<b>Office Costs</b>		
Electricity and Water Charges	667,969	532,669
Printing and Stationary	167,506	308,914
Courier and Postage Charges	118,738	121,490
Generator Running and Maintenance	165,430	311,689
Computers Maintenance	107,772	183,973
Telephone Expenses	198,304	246,092
Internet Expenses	290,951	260,046
Interest on TDS	37	573
Insurance	15,690	8,715
Building Maintenance	131,095	385,801
Office Maintenance	392,978	627,043
Office Equipments Maintenance	175,707	321,448
Professional Charges	278,167	232,029
Recruitment Expenses	40,582	5,475
Staff Welfare	535,524	496,998
Conveyance	2,232	9,215
Vehicle Running and Maintenance	360,039	560,465
Audit Fees	164,665	257,304
Other Expenses	22,534	25,017
<b>Sub Total</b>	<b>3,835,920</b>	<b>4,894,956</b>
<b>Travel Costs</b>		
Director and Core Staff	224,017	151,637
Trustees Meetings	91,603	12,459
<b>Sub Total</b>	<b>315,620</b>	<b>164,096</b>
<b>Capital Costs</b>		
Office Equipments	38,013	-
Computer & Printer	155,075	577,245
Furniture and Fixtures	90,026	-
Vehicle	1,175,533	-
<b>Sub Total</b>	<b>1,458,647</b>	<b>577,245</b>
<b>Organisation Development Process / Evaluation</b>		
Organisation Development Expenses	-	51,866
<b>Sub Total</b>	<b>-</b>	<b>51,866</b>
<b>Total</b>	<b>23,673,773</b>	<b>23,338,942</b>
Unspent / (Overspent) during the year transferred to Grant Account	I (171,327)	(3,852,436)
<b>Significant Accounting Policies and Notes forming an integral part of accounts</b>		
XI		
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		
		
(CHAIRMAN)		
		
(EXECUTIVE DIRECTOR)		
		
		
(TRUSTEES)		
		
Place : New Delhi		
Date : 05 AUG 2016		



FINANCIAL MANAGEMENT SERVICE FOUNDATION (A REGD. PUBLIC CHARITABLE TRUST)			
LOCAL CONTRIBUTION ACCOUNT			
RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2016			
	Schedule	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<b>RECEIPTS</b>			
<u>Cash and Bank Balances as on 1st April 2015</u>			
Cash in Hand		20	1,400
Balance in Saving Accounts with Scheduled Banks			
- Standard Chartered Bank		10,203	10,203
- ICICI Bank		72,893	870,223
- HDFC Bank		2,299,547	1,398,028
Fixed Deposit With HDFC		9,393,521	8,659,086
Sale of publications		59,100	-
Contribution		100,000	-
Registration fees - NAN workshop		143,000	-
Registration fees - FCRA workshop		14,400	-
Honorarium		28,500	36,000
Other Income		-	10,695
Bank Interest		-	-
- On Corpus Fund		392	378
- On Others		842,620	790,283
<b>TOTAL</b>		<b>12,964,196</b>	<b>11,776,296</b>
<b>PAYMENTS</b>			
Fees/Bank Charges		-	112
FCRA Workshop Expenses :			
- Travel and Convenues		35,178	-
- Lodging and Boarding		31,003	-
- Other Expenses		2,258	-
- Hall Charges		3,000	-
- Honorarium		25,000	-
- Audit Fees		4,008	-
NAN Convention Workshop Expenses		101,779	-
Membership Fees		114,000	-
Postage Publication		2,484	-
Printing and Stationary - Publication		900	-
Subscription Fees		13,680	-
<u>Cash and Bank Balances as on 31st March 2016</u>			
Cash in Hand		9,778	20
Balance in Saving Accounts with Scheduled Banks			
- Standard Chartered Bank		10,203	10,203
- ICICI Bank		38,229	72,893
- HDFC Bank		379,060	2,299,547
Fixed Deposit With HDFC		12,193,636	9,393,521
<b>TOTAL</b>		<b>12,964,196</b>	<b>11,776,296</b>
Significant Accounting Policies and Notes forming an integral part of accounts			
XI			
As per our report of even date			
For RAGHU NATH RAI & CO.		For FINANCIAL MANAGEMENT SERVICE FOUNDATION	
Chartered Accountants			
FRN: 000451N			
			
(SAMIR JAIN)		(CHAIRMAN)	
Partner			
M. No. 077010			
		(EXECUTIVE DIRECTOR)	
			
		(TRUSTEES)	
Place : New Delhi			
Date : 05 AUG 2016			





FINANCIAL MANAGEMENT SERVICE FOUNDATION

(A REGD. PUBLIC CHARITABLE TRUST)

SCHEDULE – XI : SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART  
OF ACCOUNTS FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH 2016

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, and 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 programs based on the approved activities and budgets of the respective program.
5. No provision for leave encashment entitlement has been made since as per Trust policy, the leaves are to be availed and cannot be en-cashed.
6. The management has allocated the expenses between three Projects (Bread for the World, Misereor & NPO Governance ) 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 XI of the Balance Sheet.

For RAGHU NATH RAI & CO.  
CHARTERED ACCOUNTANTS

For FINANCIAL MANAGEMENT SERVICE FOUNDATION



(SAMIR JAIN)  
PARTNER  
Membership No : 077010



(CHAIRMAN)



(EXECUTIVE DIRECTOR)



(TRUSTEES)

Place : New Delhi  
Date : 05 AUG 2016

