

AccountAble™

73: Filling up FC-6 (Part 3)

Dec-12 (rev.)

IN THIS ISSUE

Heading 4: Designated Bank Details • **Heading 5: Donor Details** (i) Institutional Donors (ii) Large Individual Donors (iii) Small Individual Donors • **Reconciliation** Check 1: Tally Tables 3 and 5, Check 2: Cross-check Unutilised Balance in Cash **pg1**
Check 3: Cross check Balance in Kind • **Declaration**, Accuracy of Information, Revising your FC-6 • **CA Certificate**, Auditee, Opening Balance, Receipts, Closing Balance, Maintenance of Accounts, Audit of Accounts **pg3**
Standards • **FC-6 Annexures** **pg4**

Contd. from AccountAble 72

HEADING 4: DESIGNATED BANK DETAILS

Under FCR Rules, you can receive FCRA funds only through one separate bank account.¹ This bank account number is also given in your FCRA registration certificate. This rule also applies to prior-permission cases. Give your FCRA bank account number, name of the bank and address with Pin code (of the branch) here.

HEADING 5: DONOR DETAILS

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

(i) Institutional Donors

All grant-making agencies (and other organisations, such as companies) fall into the category of Institutional Donors. All grants, whether large or small, from such donors should be included here. Examples of such donors are Ford Foundation, Gates Foundation, Dell Foundation, etc.

Name and address of the donor should be written in column 3. Purpose of each grant is to be given in column 4.² Each instalment from the donor agency is to be listed separately along with purpose, date and amount.³

Second Recipient

Some Indian Agencies like CRY or CAF may also give you funds from their FCRA account. In such a

case, their grant should also be listed here.

Give the name and address of the Indian agency/ NGO through whom you have received the funds. Particulars of the original donor do not have to be given.



¹ You are now allowed to open additional accounts for utilizing the FCRA funds. You must intimate the FCRA Department within 15 days of opening the account. Details of these bank accounts are not required here.

² This can be cross-checked with grant letter or project proposal. Also correlate this with the classification used in Utilisation Table (Heading 3).

³ These installments would normally match the credits appearing in your designated FCRA bank statement. It is better to cross-check this before finalizing FC-6. Wherever possible, avoid accepting donations / grants in cash, especially if these are large.

www.AccountAid.net

(ii) Large Individual Donors

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

In this case also, all instalments should be listed separately. Give purpose, date and amount under columns 4, 5 and 6.⁴

(iii) Small Individual Donors

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

Give name and address of such donors in column 3.⁵ This is not necessary for donations collected through collection boxes.⁶ However, if such collections are very high, FCRA Department may ask questions about the genuineness of such donations.⁷

If you are raising funds online from foreigners, provide space for address etc. so that donors can fill up this information.

In this case also, all instalments should be listed separately. Give purpose, date and amount under columns 4, 5 and 6.⁸

Difficulties

Should NGOs collect name and address of small individual donors? The old FC-3 form called only for purpose and amount to be given for small donors. The new FC-6 apparently calls for all details. This could be due to an oversight. Or this could be due to a general tightening of regulation around anonymous donations.

Whatever the reason, this will probably create practical difficulties in filling up the new FC-6 online, if each such donor is to be added to the donor list first.

RECONCILIATION

Before the form is finalised and signed, reconcile it for accuracy. This calls for three checks:

Check 1: Tally Tables 3 and 5

Add up all the cash and cheque grants / donations listed in Table 5. These should be the same as grant receipts (in money terms) shown in the FCRA Receipts and Payments Account. Crosscheck the total receipts (including materials grants, with the total receipts shown in column 9 of Table 3 also).¹⁰

Check 2: Cross-check Unutilised Balance in Cash

The unutilised amount (total of column 12 in Table 3) should



be cross-checked with the FCRA Balance Sheet also, as shown below:

Start with FCRA Bank Balance	XXXX
Add: Cash in hand	XXXX
Add: Fixed Deposits	XXXX
Add: Advance to staff / Imprest	XXXX
Add: Advances to suppliers	XXXX
Add: Any loan to Indian section	XXXX
Less: Loans taken from others	XXXX
Less: Loan from Indian section	XXXX
Result (match with column 12)	XXXX

The resulting figure should tally with the unutilised amount in column 12. If you wish, you can attach a copy of this calculation to your printed FC-6, while filing.

⁴ If the donor has not specified any purpose, you can say 'non-earmarked' or 'general'.

⁵ These donors may be sending you money by cheque or in cash (when they visit you). Note down their names and addresses while issuing a receipt. If possible (and without offending the donor), also take down the passport number, country of issue and expiry date.

⁶ If you are keeping donation boxes at airports, shopping centres, etc. you may receive foreign donations also. Such donations may be in Rupees or in foreign currencies. There is no way of making out how much of the collection is from foreign donors and how much from Indian. Indians settled abroad might drop dollar notes into the box; foreign tourists may drop surplus Rupee notes in the box.

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

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

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

⁷ In one case, the Police found foreign currency worth Rs. 6 crores in a monastery. This was apparently donated by devotees, but no record was kept. The Monastery was also not registered under FCRA. ('Ministry of home affairs asks for details on foreign donations to Gyuto Tantric monastery'; Times of India, online edition, 10-May-2012)

⁸ If the donor has not specified any purpose, you can say 'non-earmarked' or 'general'.

¹⁰ You may find a small difference in these two figures. This may be because some inflows cannot be classified under any of the three donor categories.

Check 3: Cross check

Balance in Kind

Similarly the unutilised balance in kind (total of column 13 in Table 3) should be cross-checked with the total unutilised balance shown in FC-7.

DECLARATION

The form has to be signed only at one place (i.e. under the declaration statement) by the Chief Functionary.¹¹ The seal (rubber stamp) of the NGO should also be put.

Accuracy of Information

You should take reasonable steps to make sure that:

- The information in FC-6 is accurate.
- No facts have been concealed or suppressed.

Why is this important? If it is found later that you had made a false statement in FC-6, you can face prosecution and penalty.

Revising your FC-6

Can you revise your FC-6 if you find that a mistake has been made? There is no provision allowing or barring this under the Act or rules. Therefore, if the mistake is significant, consider revising it on your own. Send a covering letter with the revised FC-6 explaining the reason for revision.

CA CERTIFICATE

This certificate should be given by a Chartered Accountant (preferably your auditor). He/she should indicate his/her name, address and membership number. He/she should also put the seal of his/her firm on the form.¹²

Auditee

The NPO's correct legal name, and complete address is required. This should include state, district and pin code. In case, the NPO has a registration number as a society, trust or sec. 25 company, then this should be mentioned, along with the state where it is registered.¹³

Opening Balance

The opening balance should be cross-checked with form FC-6¹⁴ of previous year. This would include contribution in kind as well as cash / bank. It should also match the



total of columns 3 and 4 in Utilisation Table.

Receipts

All foreign contribution received during the year, whether in cash / bank or kind, is to be reported here. This should match the total of column 9 in Utilisation Table.

Closing Balance

This is the balance remaining unutilised at the end of the year.¹⁵ This should match the total of columns 12 and 13 in Utilisation Table.

Maintenance of Accounts

Have the accounts been maintained as per FCRA requirements? Auditors should confirm that the accounts and records are in conformity with section 19 and rule 11.¹⁶

Audit of Accounts

The same auditor should also sign the FCRA Receipts & Payments Account, FCRA Income & Expenditure Account and FCRA Balance Sheet in the same manner.¹⁷ While signing these statements, reference to the report can be made.¹⁸

The CA certificate can be typed on plain paper. However, it would be better, if the certificate is issued by the auditor on their firm's letterhead. The auditor is also free to give any clarificatory notes or qualification in the certificate.

¹¹ Preferably an Indian

¹² Under ICAI regulations, auditors are now required to mention both their membership number, as well as firm registration number, if they are registered as a firm.

¹³ Trusts receive a registration number in some states, such as Maharashtra and Gujarat.

¹⁴ Or FC-3, in case you are filing the return for FY 10-11 or 11-12.

¹⁵ This is not necessarily equal to the balance in FCRA bank accounts. It would also include outstanding program or staff advances.

¹⁶ Erroneous reference to rule 16 should be read as being to rule 11. Under rule 11, NPOs are required to maintain a separate set of exclusive accounts and records for foreign contribution. The auditors need to make sure that:

i. The accounts for foreign contribution are separate.
ii. Records for foreign contribution are separate.

¹⁷ The audit statement in form FC-6 does not refer to Income & Expenditure Account, though rule 17 calls for this also to be submitted. This appears to be an oversight.

¹⁸ 'As per our report in form FC-6 of even date'

Standards

As this is a public assurance engagement, all relevant standards and statements on auditing issued by the AASB should be considered.¹⁹

If the NGO has any income generation activities, then mandatory Accounting Standards should be considered when preparing FCRA accounts.²⁰

FC-6 ANNEXURES

Under rule 17, following documents should be attached to form FC-6. The CA certificate should also be attached. The FCRA Statements should all be for year ending on 31st March. These should be based on FCRA books only.²¹

- i. FCRA Income & Expenditure Account
- ii. FCRA Receipts & Payments Account²²
- iii. FCRA Balance Sheet
- iv. Certified copy of the FCRA designated bank statement²³
- v. Statement of transfers to secondary bank Accounts²⁴

At least two copies should be prepared – one for dispatch to the FCRA authorities along with FC-6, and



one for the office record. Make extra photocopies for dispatch to the funding agencies.²⁵

Send the copy to Ministry with a covering letter, by Registered Post, Acknowledgment Due.²⁶

¹⁹ Para 7- Clarification regarding Authority attached to Documents Issued by the Institute (page 4), read with Para 6 of Framework for Assurance Engagements (Page 120) – Handbook of Auditing Pronouncements Vol. I.A (Compendium of Standards), as on Jul 1, 2010 (ICAI, New Delhi)

²⁰ Refer ICAI clarification titled 'Accounting Standards for NGOs'; The Chartered Accountant, Sep-95, Page 79. For interpretation and application of these standards to NPOs, please refer to *Technical Guide on Accounting and Auditing in Not-for-Profit Organisations (NPOS) / Non-governmental Organisations (NGOs)* (Research Committee - The Institute of Chartered Accountants of India, 2006).

²¹ Some organizations prepare a columnar presentation, showing FC funds and non-FC funds in separate columns. This saves the trouble of preparing two different sets of audited accounts – one for FCRA and then another consolidated set for Income Tax.

²² The Statement of Receipts and Payments should reflect all receipts of foreign grants / FCRA receipts (cash/ cheque). The payments side would reflect all payments made out of FCRA funds (including purchase of assets, creation of revolving funds, loans, advances, etc.).

²³ This should be certified by an officer of the concerned bank.

²⁴ Rule 17(2) of FCR 2011

²⁵ Some donor agencies call for a copy of the FC-6, along with annexures to be sent to them as a reporting requirement.

²⁶ Keep the proof of posting (Post Office receipt) carefully on file. This comes in useful if you receive a letter from FCRA for non-filing of return.

What is AccountAble: Each issue of 'AccountAble' covers a different topic related to NGO regulation or accounting and is posted/e-mailed to about 2,000 persons in NGOs, Agencies and audit firms. AccountAid encourages re-production or re-distribution of 'AccountAble' in workshops or NGO newsletters for non-commercial use, provided the source is acknowledged.

AccountAble through e-mail: AccountAble is now available through e-mail, without any charge. To subscribe, visit www.AccountAid.net and click on 'AccountAble by E-mail'.

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

AccountAble on the Web: All the past issues of 'AccountAble' are available on our website www.AccountAid.net.

AccountAid Capsules: Short items of information on NGO accounting and related issues. To subscribe, visit www.AccountAid.net and click on 'AccountAid Capsules'.

Questions and doubts? AccountAid provides complimentary advice to implementing NGOs and NGO auditors on matters

related to accounting or financial regulation. You can send your questions by e-mail (query@accountaid.net) or letter. You can also discuss these over the phone.

Comments: Your comments and suggestions can be sent to AccountAid India, 55-B, Pocket C, Siddharth Extension, New Delhi-110 014; Phone: 011-2634 3128; Phone/Fax: 011-2634 3852; e-mail: query@accountaid.net.

Text © AccountAid™ India विक्रम संवत् २०६० चैत्र ।
April 2013 CE

Printed and published by Ms. Renu Agarwal for AccountAid India, New Delhi (Ph. 26343128) at PRINTWORKS, F-25, Okhla Industrial Area, Phase 1, New Delhi 110 020

Content: Shri Sanjay Agarwal

Editing: Ms. Soumyasree Mullick

Design: Ms. Moushumi De

Images: Hands around the world © iStockphoto.com/ MHJ;

Tally chart © iStockphoto.com/ Catherine Lane; Audit check-

list © iStockphoto.com/ Courtney Keating; Stamp like florica

© iStockphoto.com/ Da_Ma;

For private circulation only.