

Broad Issues for NGO Partners seeking Funds from CSR or Foundations

Disclaimer

- This presentation is being made by a practitioner for the purpose of information only
- This is not intended to be a professional advice. Please consult your professional advisors/auditors/CS for all legal matters
- Terms/requirements are subject to interpretation- *we are sharing here our understanding or interpretation*
- *At end of the day the interpretation of your donor will always be the deciding factor!*

Contents

- General Housekeeping Rules that are applicable to all donors and always good to have
- Some CSR specific conditions and their impact on NGO partners
- Fundraising!
- NOTE: CSR rules apply to Companies not NGOs. However, Donors will transfer conditions to partners for compliance



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General Principles

General Issues - Governance

- Legal Compliance
 - All certifications are valid
for 80G check here: <https://incometaxindia.gov.in/Pages/utilities/exempted-institutions.aspx>
 - Clean scans available on website
- Governance practices
 - Board – composition and profile visibility
 - Key policies (HR/Procurement/Accounts and Audit/POSH..)
 - Disclosure (Guidestar/Credibility Alliance/GIVE....; cost?)
- Financial and Activity reports
 - Updated and clear audits

Income Tax Department > Tax Utilities > Tax Exempted Institutions

Unique Registration Number

Name

Transcendent Knowledge Society

PAN

Section Number

All

State

All

Text Search: ⓘ

Advance Search

Address

Exempted Institutions

Last Updated : 15 January 2024

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TRANSCENDENT KNOWLEDGE SOCIETY

AACTT6132E

TRANSCENDENT KNOWLEDGE SOCIETY

AACTT6132E

Unique Registration Number	AACTT6132EE20216
Section Number	01-Sub clause (i) of clause (ac) of sub -section (1) of section 12A
Name of premises/Building/Village	Karunamoyee Ghat Road
Flat/Door/Building	175/A
Road/Street/Post Office	Kolkata
Area/Locality	Kolkata
Pin Code/Zip Code	700082
Town/City/District	-
State	WEST BENGAL
Country	-
Date of registration	31-August-2021
AY/ Date from which the trust/institution is registered	2022-23

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General Issues – TOC and Impact

- Theory of Change (TOC)
- Clarity on key elements of intervention (6W2H?)
- Impact/Logical Framework (LFA)
- Means of Verification (MOV)
- Impact stories



CSR Specific Conditions

CSR – Implementing Agencies

- **Eligible Organisation Types**
 - Section 8 (or old 25) company / Trust / Society
 - **AND** registered under Section 12A & 80G or 23(c) of IT Act
- **3 years track record** if a Public NGO (not own or Govt)
(track record is different from age!)
- All to register via '**Form CSR-1**' wef 1 April 2021

CSR – What is not allowed

- **Corpus!** *Permitted earlier via Rule 7*
- Any activity undertaken by the company **outside India**
except for training of Indian sports personnel with conditions
- Activities supported by the companies on **sponsorship** basis for deriving marketing benefits for its products or services *earlier excluded via FAQs*
- Activities undertaken in pursuance of normal course of business of the company.
- Contribution of any amount directly or indirectly to any political party
- Activities benefiting employees of the company
- Activities carried out for fulfilment of any other statutory obligations
- + **All proposals have to be aligned with Schedule 7 of CSR Rules (must read!)**

CSR – Overheads?

2-1-(b) “Administrative overheads” means the expenses incurred by the company for ‘general management and administration’ of Corporate Social Responsibility functions **in the company** but **shall not include** the expenses directly incurred for the

- Designing
- Implementation (*includes ALL human resources !*)
- Monitoring and evaluation

of a particular Corporate Social Responsibility project or programme

CSR – Project Duration Restriction

- 2-1-(i) “Ongoing Project” means a multi-year project having timelines **not exceeding three years excluding the financial year in which it was commenced**
 - *3 years + FY of approval is different from 4 years!*
 - *Project ‘start’ date is MOU date, not approval date!*
- And, shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the Board based on reasonable justification

CSR – Capital Asset Ownership

- The CSR amount may be spent by a company for creation or acquisition of a capital asset which shall be held by -
 - a Section 8 company, or a registered Public Trust or registered Society having charitable objects and CSR Registration Number or
 - beneficiaries of the said CSR projects in the form of self-help groups, collectives or entities or
 - a Public Authority
- Provided that any capital asset created by a company prior to 22 January 2021 shall on or before 21 July 2021 comply with the requirement of these rules, which may be extended by a further period of not more than 90 days, with the approval of the board, based on reasonable justification.

CSR – Utilisation and Surplus/Income!

- Utilisation

- ...CSR fund should be disbursed to implementing agencies, partially or wholly, in such a manner so that they can be utilised by them **during the financial year**. Mere disbursement of funds for implementation of a project does not amount to spending unless the **implementing agency utilises the whole amount**. (FAQ 7.4)

- Surplus

- Surplus refers to income generated from the spend on CSR. Surplus arising from CSR activities, e.g., **interest income earned by the agencies implementing** the CSR projects, disposal/sale of materials used in CSR projects, and other similar income sources.
- The surplus arising out of CSR activities shall be utilised only for CSR purposes. (FAQ 3.4)

3rd Party Impact Assessment (IA)

- Cover projects
 - having cumulative outlays of Rs.1 Cr or more
 - been completed **not less than** one year before undertaking the impact study
- Undertake impact assessment through an independent agency (appointed by Donor)
- Reports shall be placed before the Donor board and annexed to annual report



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FUNDRAISING

Who are the donors?

- Using Data
 - CSR data (segregated into Schedule 7 categories) is published
<https://www.csr.gov.in/content/csr/global/master/home/ExploreCsrData/dynamic-csr-report-search.html>
(Caution- official site has in-complete and old data!)
 - NGOBOX/CSRBOX and many others produce annual status reports
 - Locate those who fund in your area of work
 - CAUTION: Detailed data is not in the public report
 - Unfortunately, 'philanthropy' sector is not disclosure friendly
- Annual reports of your peers- who funds them?
- Track keywords on social media platforms
- Follow Board members (OF DONOR COMPANIES) footprint!

Where to submit/get details?

- Track prospective company website- cold call proposals rarely help
- Follow RFP aggregators like NGO Box
- Track RFP+keywords on social media platforms like LinkedIn
- Explore platforms like
 - BSE Samman / Give
 - Social Stock Exchange
 - Many state level databases
 - Direct community level funding via Rang-De type platforms
 - Incubators

Thank You