

## What are the different sources of income of a non-profit organization?

So let us look at the income of a voluntary organisation. Where does an income of an organisation come from. This is a very important aspect for a lot of us. The moment I talk income eyes start beaming so where can u hear income. So for many of us donation is one of the key sources of income and that donation can come to you from individuals, ordinary individuals, high net worth individual it can come to you from other companies, multinationals, public limited, private limited other trust and foundations the Tatas the Godrejs, Mahindras whosoever, governments, state governments, central governments other foreign agencies, gates foundations wherever. you can also generate income thru cash boxes that you have at shopping malls, at your own institutions wherever you can, if you are running a hospital you can have a cash box at you hospital itself wherever and now increasingly over the internet also you can create a payment gateway on your own website or you could get yourself listed on Give India website so that it becomes a portal for getting money.

So donations is one form of income but its not the only source of income. This is an important aspect of this module where you need to understand what constitutes total income of your organisation as a non-profit. Donation is one aspect of it and that comes from all this sources. The other forms are interest and dividend that come from your investments. Now investments are again regulated for us.

In Maharashtra states there is section 35 that governs your investments and more important whether you are a in Maharashtra or any other state the income tax governs this part the most and that comes under section 11(5) of the income tax act where you can invest your money in shares and stocks. As a charitable organisations whether you are a trust, whether you are society whether you are a section 25 company you can invest only in the funds that are allowed under section 11(5) OF THE INCOME TAX ACT.

Which means bank fixed deposits, units of unit trust of india, CRST that is charitable religious scheme of india, a certain government of india bonds, hdfc trust deposit scheme and income tax allows you to invest in any mutual fund scheme, whether equity based or debt based but having said that you have to make your investment in consonance on how the trust acts. In Maharashtra state only certain mutual fund schemes are allowed for investment.

So you have to be very careful on that,. Whereas income tax allows you blanket. Invest in any mutual fund whether debt based or equity based. Maharashtra s Bombay public trust act restricts you to only certain debt based mutual funds and anyway I am personally not a big fan of mutual funds so leave that as it is but this is how it is. Interest and dividend that you can earn on your investment is also part of your income.

So when you compute your total income its donation, interest then sale of your products hopefully prepared by your beneficiaries. Rent. Assuming you have a place like this. This is your NGO place. You have this little conference room and you are hiring it out to people for conferences taking money for that. That generates money for you. So it's a rent. Membership fees and subscriptions and charge membership fees

to people. As I said in society the membership comes under law it comes because seven people form a society. In a trust there is generally no concept of membership but you can create one if you want where people have a sense of affiliation.

The only thing is that they will not have any voting rights because in a trust the concept of members does not exist. Having said that you can give them a sense of involvement and you can have all categories, patrons, members, ordinary members, life time members and that also generates income for you. So your income is I repeat donations, interest and dividends sales of products, rent received and membership fees.