

What are the different types of donations received by a non-profit organization?

Donations could have come to you in form of corpus donation, general purpose donation, earmarked or a matching donation. All of them are different categories. First of all this is a very important aspect.

Corpus Donation .First of all what is our understanding of corpus .In this group what do you understand by corpus. Can anyone tell me what a corpus donation is?

In pure financial terms corpus is the capital receipt that means it is not counted as income.

Why is corpus necessary or I would not say necessary but why is it desirable?

It is desirable because it is a fund that you're creating for a rainy day that means you are expecting some grant support but it has been delayed. Now what? But how do I continue with my existing work. If you have a corpus fund you can begin to dig into it. It's like a compulsory saving.

But how do you create corpus?

One is from the tax computation which will deal with when we go in to that section. But one thing is sure that you cannot take any donation to the corpus fund unless you have the donor's written consent.

In this regard it must come with the donor's letter that either the whole or a part of this donation needs to go to the corpus fund. Meaning corpus fund whether it is a lakh of rupees or it may be in less than a hundred lacks go straight into your capital but this must come with that written direction of the donor. Until the donor gives it to you in writing you cannot put that donation into corpus. let us say you are now in the month of February somebody is giving you a big amount say 10 lacs of rupees.

Remember that in the month of February and March certain grant making organization become more generous. They are not becoming more generous it's because it's the financial year end and they are also required under law to spend a play eighty-five percent of their income. So they off load. Sometimes you know if they are not being able to spend. Good bad something works around there. Say somebody has just sent you amount of let us say ten lakh over in the month of February.

You may say I don't need now as I'm at the financial year end. Can I take it to the corpus fund. Until the donor will give it to you in writing you cannot take anything to the corpus. But having said that most donors are averts to give you for corpus. Because they want to see action. Let's say typically I am a donor and I'm giving you a sum of rupees one lakh. And you say please Sir Can I take 1 this to the corpus? Now I as a donor will think that you will want to capitalize this so I'm giving you one lakh of rupees.

You capitalize it and will invest it. After one year not right away you will get is maximum of rupees ten thousand if I am taking maximum of 10 percent benchmark. What will you do with ten thousand rupees after one year want to see action right way. Utilise this amount for activities. So donors are avast to give you donation to corpus. Foundations and corporates are avast. An individual donor will not be fuss over it . People giving five thousand and ten thousand will tell you that you can utilise this amount for corpus. So for corpus it must come written from the donor.

General purpose is that the donor just likes your organization gives you for general-purpose do what you want. Take into admin .Take it for your programme.

Earmarked is you are into multiple activities but the donor that is only interested in a certain specific activity of your organisation. Even if you are educational and you are into education of both for boys and girls but the donor only wants to donate to girl child education, then it is a earmarked fund. The donor says here is a lakh of rupees use it only for the education of the girl child not for the boys at all I mean great work you're doing for the boys but only for the girls.

Now that one lakh of rupees the donor may say yes give this one lakh of rupees by way of ten thousand rupees of scholarship to ten different girls in this year .So then it is programme related grant. Or the donor may say put it in your corpus fund and every year you will get rupees ten thousand .Every year one thousand rupees would be given to the deserving girl as the scholarship. So earmarked can be corpus or endowment or it may be programme related. Matching is when the donor is testing you out. Where the donor says your project is worth a crore of rupees I commit fifty lakhs to it provided you are able to raise the balance fifty lakhs.

What is the requirement over here is that the donor is basically testing you out for credibility and your competence. Do you enjoy the credibility to leverage that kind of money and do you have the competence to do it. So often you will see oversea funding organizations doing matching grant to test you out. Whether you enjoy that kind of credibility in the communities that you work with. So this often is one more form of giving donations.

So donations can come to you as Corpus, Earmarked Funds, Matching Donations.