

## How can a non-profit build a corpus?

Say you go to an organisation for grant support. Let's say your project is say worth of fifty lakhs of rupees. And say they are going to support you for three years. The first year they give you twenty lakhs and then in the second year they again give you twenty lakhs and in the last year they give you ten lakhs of rupees. You can tell them that after three years there is an exit policy. How will I support this programme in the years to come.

So can you allow us to keep the twenty percent of this to the corpus fund? Start negotiating with twenty they might come down to 15 %.At least at ten you should be able to negotiate. Most grant makers agree to that. Because they know that 90 % or 80% of the amount you are using for the programme and you are very reasonable in asking that can I keep 10% or 20% .But then again in the grant that comes to you this must come in writing to you .

The donor has to give this to you in writing that the 15% or 20% has to set aside for the corpus fund for long term sustainability of your organisation. Then it might work. Again the bottom line is that the consent has to come in writing that the donation has to be treated as the corpus. That is either the whole or part of the donation must be given to corpus fund. And corpus is a capital receipt and is not counted as the income of the organisation.

You receive ten donations of rupees one lakh each without any direction - that is the income of the organisation. You received twenty lakhs from someone with a direction to the corpus fund - it is to be treated as capital and not as income of the organisation. Any interest that generates on it will become a part of your income after one year of the year of receipt.