



**TEMPLATE  
FOR ANNUAL REPORT  
& FINANCIAL STATEMENTS**  
FOR MEDIUM-SIZED ORGANISATIONS

# TEMPLATE FOR ANNUAL REPORT AND FINANCIAL STATEMENTS FOR MEDIUM-SIZED ORGANISATIONS

Dóchas is committed to maximising the impact and quality of its members' work. In this context it promotes NGO cooperation, shared learning and the application of shared standards of practice.

Dóchas members endeavour to adhere to the Irish Development NGOs Code of Corporate Governance and to the Charities SORP standard of financial accounting.

Dóchas recommends that Medium-Sized Organisations (i.e. those with income between €1m and €3m per annum) use the following format when completing their Annual Report and Financial Statements. In this document, Dóchas sets out recommended minimum standards for medium-sized NGOs, wishing to adhere to these standards.

## Financial Statements

- ★ Irish charity companies require a Statement of Financial Activities (SOFA), rather than an Income & Expenditure Statement. The SOFA should be in columnar form to distinguish between restricted and unrestricted income, and between expenditure attributable to restricted income, and expenditure attributable to unrestricted income. The incoming resources subheading, and the outgoing resources subheadings, as specified in Charities SORP, should be utilised.
- ★ The Balance Sheet should follow the Charities SORP format, particularly in respect of distinguishing between restricted and unrestricted reserves.
- ★ Irish NGOs that are companies must prepare Cash Flow Statements as required by Irish company law and Charities SORP.
- ★ Dóchas members are required to clearly show their Total Domestically Generated Voluntary Income in the Incoming Resources section of their Audited Accounts.

## Directors' Report

### Activities and Plans

The Directors' Report should generally provide a good level of detail of the activities that had been planned for the year now ended, with information on the outcomes for that year, and reasonably extensive information of circumstances that facilitated or impeded the planned activity. The Report should provide a good picture of what activities were planned for the succeeding year, generally with each activity or programme being highlighted.

The information on activities completed, and on future activity plans, should be extensive enough to inform the principal stakeholders. The report should include a review of financial performance, covering income achievements and the nature and cost effectiveness of fundraising efforts, and a review of the programmes that absorbed the bulk of the resources expended.

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The Dóchas Code of Conduct on Images and Messages requires that Dóchas members “communicate our commitment to best practice in the communication of images and messages in all our public policy statements”.

The Directors’ Report should explain the extent to which the board has adopted the Irish Development NGOs Code of Corporate Governance.

Larger organisations in this category should include information about the organisations’ performance over recent years in terms of maximising the amount of income that translates into programme expenditure.

The Dóchas Code of Conduct on Images and Messages requires that Dóchas members “communicate our commitment to best practice in the communication of images and messages in all our public policy statements”.

## **Governance**

The Directors’ Report should include a section on governance, which sets out how the board oversees the strategic direction of the organisation and the steps the board takes to ensure that the organisation is setting and reaching its targets, that it is signing off on annual plans and budgets, and is reviewing the outcomes of the statutory audit. The Directors’ Report should describe the division of labour between the board and the organisation’s management, and demonstrate how the board delegates responsibility to board committees (including finance and audit committees), and explain the steps the board takes to supervise such delegations. The functions of board committee(s) should be defined and explained in the Directors’ Report or in a referenced generic document that can be readily accessed by stakeholders. The report should mention the number of members of the board. It should refer to mechanisms for internal stakeholders (eg. organisation members) and employees to provide recommendations or directions to the highest governance body.

The Directors’ Report should explain the extent to which the board has adopted the Irish Development NGOs Code of Corporate Governance, to the extent warranted by the scale of the organisation’s operations, the nature of activities, and the information requirements of stakeholders. The Report should describe where the organisation’s governing practice deviated from the Code.

The Directors’ Report should set out what the board does in terms of selecting and inducting its directors, and how it takes steps to equip the directors to function properly as board members. If the Directors’ Report fails to outline the board’s governance approach, it means that stakeholders are unable to ascertain if the board is properly governing the organisation. If the organisation is in receipt of significant state and institutional funding, it must demonstrate in the governance statement that the faith placed in them by such funders is well founded and that their boards are controlling everything with a strong hand.

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The Directors' Report should describe the steps taken by the board to identify the principal risks facing the organisation.

The board should report each year in the Directors' Report on the status of the organisation's reserves.

## **Risks**

The Directors' Report should describe the steps taken by the board to identify the principal risks facing the organisation. It should state what approach is taken to identify and assess risks, and describe what risk management arrangements have been put in place, including internal processes and systems of monitoring and control. There should be a degree of formality about this process and a comprehensive risk register should be maintained and utilised by the board for regular board reviews.

## **Reserves**

The Directors' Report should contain a report on the board's approach to managing the organisation's reserves. The Directors' Report should be quite specific regarding how the unrestricted reserves are overseen by the board. The board should report each year in the Directors' Report on the status of the organisation's reserves, and how these match up with an explicitly formulated reserves policy. There should be particular emphasis on the board's strategy in relation to designated reserves - unrestricted reserves that are maintained in order to allow the organisation to continue operations for an extended period in the event of a significant setback affecting core income.