



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

TEMPLATE FOR ANNUAL REPORT AND FINANCIAL STATEMENTS FOR SMALL-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 standards of financial accounting.

Dóchas recommends that Small Organisations (i.e. those with income less than €1m per annum) use the following format when completing their Annual Report and Financial Statements. In this document Dóchas sets out recommended minimum standards for small-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. However if the organisation has relatively few income and expenditure categories, the full use of the incoming and outgoing subheadings may be unwarranted.
- ★ 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 a Cash Flow Statement 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 include details of the activities that had been planned in advance for the year now ended, with information on the outcomes for this year and an outline of the circumstances that facilitated or impeded the planned activity. There should be a follow-on note setting out what activities are planned for the succeeding year. Typically, this report on activities and plans should be not less than a full page, and thereafter with as many pages as would be necessary to properly inform the principal stakeholders.

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 to demonstrate that the board is properly governing the organisation. This section should describe the division of labour between the board and the organisation's management, and include the responsibilities that the

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All Dóchas members must state in their annual accounts that they subscribe to the principles contained in the Irish Development NGOs Code of Corporate Governance.

board reserves to itself and does not delegate to management. It should set 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 targets, confirming that it is signing off on annual plans and budgets, and is reviewing the outcomes of the statutory audit.

The Directors’ Report on governance should also demonstrate how the board delegates responsibility to board committees, and explain the steps it takes to supervise such delegations. The core issue here is to demonstrate that the board is proactively overseeing the affairs of the organisation. 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.

All Dóchas members must state in their annual accounts that they subscribe to the principles contained in the Irish Development NGOs Code of Corporate Governance, and – where relevant – describe where their governance practice deviated from the Code.

Risks

The Directors’ Report should briefly 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 systems of monitoring and control, to ensure critical risks are avoided or their impact mitigated. There should be a degree of formality about this process and a simple risk register should be maintained and utilised by the board for regular board reviews.

Reserves

The Directors’ Report should contain a short report on the board’s approach to managing the organisation’s reserves. At a very minimum, an organisation should have a reserves policy, and the board should report each year in the Directors’ Report on the status of the organisation’s reserves, and how these match up with reserves policy. There should be particular emphasis on the board’s strategy in relation to designated reserves - those unrestricted reserves that are targeted to be reached in order to allow the organisation to continue operations for an extended period in the event of a significant setback affecting core income, for example. The core issue here is the extent to which the board concerns itself with managing its unrestricted reserves, and this is most critical where funding is received from institutions such as Irish Aid, and which is conditional on a specified level of self-financing either from current unrestricted income, or from available reserves.



The Irish Association of Non-Governmental
Development Organisations