

LUTHERAN WORLD SERVICE INDIA TRUST (LWIST)

Draft Policy on Creation and Utilization of Corpus Fund

I. The Policy

As a localized National NGO, Lutheran World Service India Trust faces challenges of funding from both within and outside India. Therefore, creation of a Corpus Fund is imperative for meeting the basic expenditure needed for the administration, existence and sustenance of the organization and to bridge the budgetary gap in the ongoing activities that may happen on many grounds.

The LWSIT Board Meeting held on 5th August, 2010 resolved to create a Corpus Fund. The concerned resolution is quoted below:

Resolution No. BM/RS/2010-03/66

“Resolved to authorize the Executive Director to explore possibilities of creating a Corpus Fund in accordance with financial procedures and norms”.

In the context given above, the LWSIT created a corpus fund with the following objectives and procedures.

II. Objectives/Purposes

The Corpus Fund shall be available to be utilized in exceptional circumstances, where the survival of the organization is at threat. The Policy covers the funds generated under the Corpus Fund category in the books of accounts since 1st January, 2010.

The goal of the Corpus Fund is to use and maintain Program Funding and Operating Costs solely through the discretion of the Board of Trustees in the event of disruption in normal fund flows. If replenishment is not possible due to reasons beyond the control of LWSIT after the designated period, the Board of Trustees will decide through a resolution about its accounting.

III. Strategies and Procedures

- a. The maintenance of the Corpus Fund, generated out of Corpus donation under specific direction of the donors.
- b. The Corpus Fund shall be accounted separately from the designated operating funds.

- c. A separate Bank Account needs to be opened to operate the Corpus Fund. Any two of the signatories authorized to operate the main bank accounts of LWSIT shall operate this separate bank account.
- d. The Management Committee and Board of Trustees of Lutheran World Service India Trust is responsible for developing and recommending policies and guidelines for the investment of the Corpus Fund and the assets procured out of the Corpus Fund is subject to final approval by the Board of Trust of Lutheran World Service India Trust.
- e. The dispersal of the funds shall be as per the approval through the resolution of the Board of Trustees.
- f. The Executive Director with approval from the Board of Trustees will notify the Finance Manager in writing of the decision to use a portion of the Corpus Fund and the disbursement of such amount will be acknowledged in writing by the Finance Manager.
- g. The disbursement of Corpus Fund for emergency needs shall be reported in the next Board Meeting for ratification.
- h. All legal, financial and accounting norms will be followed in the creation, administration and accounting practices of the Corpus Fund.
- i. The operational details of the Corpus Fund will be presented to the Management Committee at its meeting following approval of the financial audit results.
- j. The Management Committee will consider the adequacy of the Corpus Fund amount and will recommend through the ED to the Board of Trustees any changes as deemed necessary.

IV. Source of Corpus Fund

Resources for the **Corpus Fund** will come as specific corpus donations with written direction of the donors, specified seed money and from internal accruals and surpluses.

The interest on short-term investment of accumulated Corpus Fund will be accrued on the Corpus Fund.

VIII. Policy Review

The Corpus Fund Policy will be reviewed and approved every five years by the Board of Trustees or sooner if conditions so warrant.

Adopted in the Board Meeting held on 22-08-2015