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Subject: REWARD Financials, Notes, and other items

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Folks,

After extended conversations with Subashree (and one with Mr.Sridhar) and poring over multiple spreadsheets, all numbers have been reconciled now. I have run this by Mr.Sridhar as well and as far as the financials go, we are in sync to the last rupee. Here is the summary. All numbers are in INR.

Financials by Audit year:

[1] 2007-08: received **24,93,117**; spent **4,37,356**; excess **20,55,767** created

[2] 2008-09; received **37,88,806**; spent **16,68,845**; excess **21,74,878** created; interest **54,917** earned; cumulative excess now **42,30,645**

[3] 2009-10; received **0**; spent **21,39,851**; interest **1,01,246** earned; cumulative excess now **21,92,400**

[4] 2010-11; received **38,06,415**; this is the current year of spending; cumulative excess now **59,98,455**

[5] There is a backlog of **3,00,000** scholarships to be paid for the 2009-10 period

[6] Salaries of teachers to be paid starting April 1st 2010

[7] Further **3,00,000** scholarship to be paid for 2010-11 period

[8] The excess **59,98,455** will cover items [5], [6], [7] until Mar 31, 2011 and there will be left over into the 2011-12 period

Discussion points:

[1] Honorarium for the next year is accounted in the budget for the current year -- very misleading and confusing -- none of our projects do this

[2] For the future, we should poll for the actual real expenditure period

[3] The project increases number of teachers and adjusts salaries, always keeping within the overall granted budget for the year.

[4] This is also confusing because we want to account teacher by teacher and salary for each month

[5] The nature of the project is such that, they want more fine control over number of teachers and salaries, but always keeping within the allocated budget

[6] They keep detailed track of each payment and everything is uploaded on the website

[7] Because of this fine-grain control not visible to the chapter, the budget in some cases is inflated (since they could not fill the positions, etc)

[8] Since as a chapter we stopped increasing budgets from 2009 (2010 remained same as 2009 in most cases) -- we need to freeze a monthly expenditure number for 2009-10

[9] And use the same number for 2010-11 (and 2011-12 for calculation purposes)

[10] And based on that number, we can calculate until when the **59,98,455** excess will last

[11] Looking through all spending patterns and spreadsheets for the 2009-10 period, we arrive at an average monthly expenditure of about **1,86,400**

[12] Approved budget for the 2009-10 period was **2,17,300** per month -- an average discrepancy of **30,900** per month (due to teachers leaving, not being able to hire teachers at budgeted rate etc)

[13] Approved budget for 2010-11 period was **2,27,200** per month -- and so far Apr10 - Nov10, average monthly expenditure has been close to **2,00,000** (off by **20,000** per month)

[14] Mr.Sridhar is currently trying to hire the teachers who have left, and expects to hit the total average as per budget for this period

[15] Since the last polled and approved amount was **2,27,200** per month, we should keep to that for all calculations of 2010-11 and 2011-12 (for now)

[16] Also in the expenses from 2010-11 budget, apart from honorarium, we've approved [secretary, auditor fees, stationary etc., resource persons, misc] of **90,000** for the year

[17] In the 2009-10 audit these expenses come to **26,426** [no secretary payment, and other payments just came out lesser]

[18] I suggest that even though we approved **90,000** in the 2010-11 budget, we cut this to **50,000** based on 2009-10 budget/expenses/possible changes

[19] That brings the annual monthly expense budget to **2,27,200 + (50,000/12)** which is **2,31,367**

[20] Starting from an excess of **59,98,455** we give away **3,00,000** to 2009-10 scholarships

[21] Out of remaining **56,98,455** excess, another **3,00,000** goes to the 2010-11 scholarships

[22] Out of remaining **53,98,455** excess **27,76,404** goes to 2010-11 honorarium plus other expenses (keeping true to 2009-10 audited expenses)

[23] Out of **26,22,051** 3rd year of scholarships another **3,00,000** to be paid out [this will be the last year of the scholarships; 4th year is few students and can be locally funded]

[24] Remaining **23,22,051** excess will last from April 1st 2011 until Jan 31st 2012

[25] The current funds REWARD has will tide them over until at least **end of Jan 2012** (at least because there will be interest on this corpus)

[26] That said, REWARD will file for their permanent FCRA after March 2011 audit -- so hopefully they will have their permanent FCRA in place by Jan 2012

[27] As a contingency, REWARD should file for fcra prior permission for the 2011-12 budget simultaneously, and this should be for the amounts of Feb and Mar 2012

[28] Giving ourselves 6month cushion, REWARD should also file for 2012-13 fcra prior permission (in case they dont have the permanent fcra in Sep 2011) -- so the chapter needs to discuss the 2012-13 budget and approve it before Sep 2011

[29] As far as disbursals go, we have to send money for Feb and March of 2012 in Jan 2012; and 1st installment of 2012-13 budget in March 2012

[30] There will be no disbursals from the chapter until Jan 2012

[31] All the future 2012-13 etc budget/calculations is all assuming we continue to approve the project (none of this exercise says anything about the quality of the project)

[32] Lastly, the confusion here was for two reasons: (a) budget years were off by a year in their nomenclature; (b) budgets were larger expected expenditure in the early years (they are closer to true expenditure these days)

[33] The second point is understandable, but the first point is not according to our policy -- we have been approving budgets a full year ahead of time and sending funds, which we normally do not do

[34] That said, this fact has been quite completely in the open all the time; all documents within their elaborate details point to this fact; and all accounting (internal as well as external audit) precisely show this method of budgeting.

thanks

Vinod

P.S.: I have attached a spreadsheet of all this calculation -- let me know if you have questions on it -- the above summary is consistent with it.

P.P.S.: One additional point is Asha Bangalore has **4,62,726** in its keeping (sent by Asha SV) meant for REWARD only after they get a permanent fcra. This is not tied to REWARD, but needs to go to some fcra approved project only. Essentially that means we have **4,62,726** of our money in Asha Bangalore local treasury. We should discuss this with them, and get them to disburse it to some fcra approved project of ours (towards an approved budget) and use that up as soon as possible.