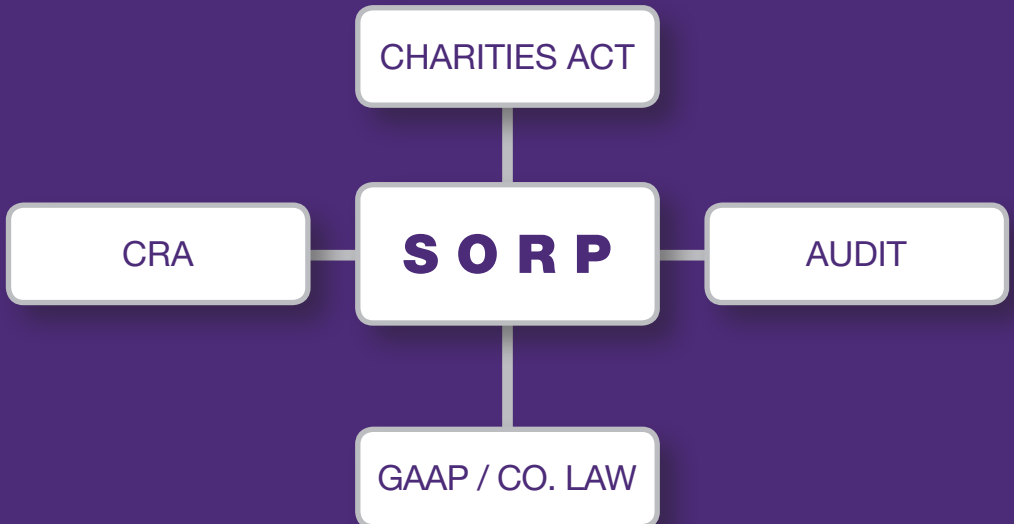




Are you ready for
S O R P ?



What is a charity?

- (a) Charities Act 2009 sets out a definition of charitable purpose as:
- The prevention or relief of poverty or economic hardship
 - The advancement of education
 - The advancement of religion
 - Any other purpose that is of benefit to the community.

Who needs an audit?

Where gross income or expenditure is greater than €500,000*

The accounts of a charity shall be audited if the gross income or total expenditure of the charity in

- (b) the relevant financial year,
(c) the financial year (if any) of the charity immediately preceding the relevant financial year, or
(d) the financial year (if any) of the charity immediately preceding the year referred to in paragraph (b), exceeds such amount as may be prescribed. (in effect exceed €500k in 2 out of 3 years).

The audit must be completed not later than 9 months after the end of the relevant financial year.

The accounts of a charity in respect of a financial year shall, at the election of the charity trustees, either -

- (a) be examined by an independent person approved by the Authority, or
(b) be audited by a qualified person, not later than 9 months after the end of the financial year concerned.

Under company legislation, charities which are registered companies limited by guarantee cannot avail of audit exemption, regardless of their size.

* Yet to be prescribed by the Minister watch this space!!!!



Who are the cra?

- Established 2013
- Chairman – Conor Woods
- CEO Una Ni Dhubhghaill
- Stat powers to investigate Charities
- Register compiled from Revenue Charitable exemption list
- If not you should submit query through Website

Powers to investigate charitable organisations - Not yet empowered but will happen



What is sorp?

- SORP is a set of recommended practices issued by the Charity Commissioners
- in the UK to advance and maintain standards of reporting in the charity sector.
- Charities SORP (FRS 102) Adopted in 2014
- Effective 1 January 2015
- Assist those involved in the preparation of the accounts and trustees annual report of a charity.
- Relevant to charity auditors and independent examiners
- Users of the SORP should be familiar with accounting concepts, principles and practice.
- Modular based approach

The old (gaap)v the new (sorp)

GAAP Financial Statements

- Auditors report
- Directors report
- Statutory based
- Minimal info about Charity
- Comply with Co Law
- Income & Expenditure Account
- Balance Sheet
- Cash Flow Statement (CLbyG)
- Notes to the Financial Statements

SORP Financial Statements

- Auditors report
- Trustees Annual Report
- Increased detail regarding the organisation
- Qualitative info
- Opportunity to tell the story
- Statement of Financial Activities
- Balance Sheet
- Cash Flow Statement
- Notes to the Financial Statements

Key funds in a charity



‘Trustees’ annual report

The primary purpose of the trustees’ annual report is to ensure that the charity is publicly accountable to its stakeholders.

All charities must report achievements against objectives but the reporting of impact remains good practice and is not mandatory.

CSORP sets out matters which a charity MUST, SHOULD and MAY refer to in the Trustees’ report.

Trustees must make an assessment of their charity’s ability to continue as a going concern (12 months from the date of accounts approval). If there are uncertainties, these should be explained in the Trustees’ report. If uncertainties are material, must explain in the notes to the accounts.

Statement of financial activities (sofa)

- The SoFA is a single accounting statement that includes all income, gains, expenditure and losses recognised for the reporting period.
- The SoFA should be prepared using a columnar format.
- Incoming resources and resources expended should be separated between restricted and unrestricted funds.
- SORP 2005 refers to “certainty” in relation to recognising income – CSORP refers to “probability” (entitled, probable, measurable)



Income & endowments

- **Donations, gifts and legacies** – Donations include all income received by the charity that is, in substance, a gift made to it on a voluntary basis. Legacies are included when receivable by the charity.
- **Income from charitable activities** includes income earned from the supply of services or goods under contractual arrangements and also income from performance related grants when the conditions are satisfied.
- **Income from other activities** includes income generated from both trading activities to raise funds for the charity and income from fundraising events.
- **Income from Investments** includes income generated from holding assets for investment purposes and includes dividends, interest, and rents from investment property.
- **Other Income** includes all other sources of income, and may include gains on disposal of programme related investments or gains on disposal of assets.



Expenditure on

- **Expenditure on Raising Funds** includes all expenditure incurred by a charity to raise funds for its charitable purposes.
- **Charitable Activities** includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries.
- **Other** includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities. Governance costs will now be included in this category and explained in the notes to the accounts.
- **Support Costs:** While some costs relate directly to a single activity, the cost of certain central or regional support functions may be shared across more than one activity undertaken by the charity.
- For example payroll administration, information technology costs etc must be apportioned across the three SoFA activity headings.
- The charity must adopt a consistent and reasonable approach when allocating support costs. The SORP sets out a number of examples for apportioning costs. (Staff numbers, floor space etc).

HOW DO YOU CHANGE TO SORP?

ISSUES

Map your income types



Identify the direct costs associated with each income type



Assess the salaried positions associated and allocate cost



Consider the base of allocating cost



Look at your existing reserves



Can they be split between restricted and unrestricted funds?



What are your policies around reserves, income & expenditure

For all your SORP requirements contact
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