Policy Summary

FAITH Funds Policy

Friends Affected & Infected Together in Hand (FAITH) — Lalitpur, Nepal
2025

POLICY PURPOSE

FAITH's fund framework ensures that every funding stream — however it is sourced — is accounted for, governed, and reported in line with the Nepal Accounting Standard for NPOs and donor requirements.

5	NAS	Annual	2025
Fund types recognized under the policy	Accounting standard followed for NPOs	Policy review cycle	Policy adopted

About FAITH

Friends Affected and Infected Together in Hand (FAITH) is a non-political, non-religious, non-sectarian, non-governmental, non-profit humanitarian organization incorporated under the Societies Registration Act. It is a woman-led organization working on behalf of marginalized and vulnerable populations, aiming to shatter the stigma attached to marginalized and minority groups and to advocate for their health and human rights.

About this Policy

FAITH's funds are generally sourced through grants, donations, fundraising activities, membership fees, and investment income. Each fund type has clear guidelines for its use, management, and reporting to ensure compliance with donor requirements and sound governance practices. FAITH recognizes five types of funds:

- Unrestricted Fund
- Restricted Fund
- Endowment Fund
- Designated Fund
- Capital Reserve Fund

Types of Funds

Fund Type	What it Is	How it's Used / Treated
Unrestricted	Available at the Board's discretion, not subject to donor-imposed restrictions — the organization's own capital.	Day-to-day operations, administration, capacity building, and infrastructure. Year-end surplus is retained as reserves.
Restricted	Resources that must be used only for a specific purpose designated by the donor or grantor, legally separate from unrestricted funds.	Strictly applied to the purpose in the funding agreement. Unspent balances are carried forward, refunded, or reallocated only with donor approval.
Endowment	Donations given on condition that the principal (capital) is retained and invested permanently or long-term.	Principal is never spent; only the income generated may fund general or donor-designated purposes.

Fund Type	What it Is	How it's Used / Treated
Designated	Amounts the Board sets aside from unrestricted funds for a specific future purpose, not bound by external donor conditions.	Capital expenditures, strategic initiatives, or reserves; the Board can change or cancel the designation at any time.
Capital Reserve	Recognized when a donor-funded asset is not reclaimed after project completion and is approved for FAITH's continued use.	The asset's value is capitalized and the Capital Reserve is written off annually to reflect depreciation, per NAS 16.

Fund Recognition, Presentation, and Review

All funds are properly recorded, monitored, and reported separately in FAITH's financial statements, with detailed schedules maintained for each fund type to ensure transparency and accountability. Transfers between funds must comply with donor agreements and legal frameworks.

This policy is reviewed annually, or as required, to remain compliant with donor conditions and legal obligations.

This summary is published by FAITH for transparency and accountability. It is a condensed presentation of the internal FAITH Funds Policy 2025; in case of any discrepancy, the full internal policy document prevails and is available on request.