



PCNC

Philippine Council for NGO Certification

IMPORTANT GUIDELINES FOR APPLICANT ORGANIZATIONS

In accordance with the principles of good governance which are seriously considered in PCNC's evaluation of NGOs/Foundations, the PCNC Board has put out the following guidelines:

1. Since interlocking relations can increase difficulty of exercising the level of independent judgment among members of the Board of non-stock, non-profit organizations, it is therefore expected that there be at least one (1) independent trustee on the Board of Corporate Foundations, Family Foundations, and NGOs/Foundations organized by religious congregations. An independent trustee is one who is not employed in any capacity by the NGO/Foundation and/or its mother/sister corporations, or a member of the family or congregation that organized it.
2. To ensure checks and balances and avoid even the mere perception of conflict of interest, the chairman/president and the treasurer of the NGO/Foundation should not be related by affinity or consanguinity up to the 2nd degree (e.g. spouse, sibling, parent, or child).

Further, since the audited financial statements are important in the evaluation of an NGO's/Foundation's transparency, accountability, and sustainability, the following items are expected to be part of the Financial Statements submitted to PCNC:

1. Statements of Assets, Liabilities, Networth, and Fund Balance
 2. Statements of Revenue and Expenses (expenses should be classified into program and administrative expenses, the latter of which should not exceed thirty (30%) percent of the total donations received and of total expenses for the taxable year)
 3. Statements of Comprehensive Income
 4. Statements of Changes in Fund Balance
 5. Statements of Cash Flows
 6. Notes to Financial Statements – must include information about the organization, Summary of Significant Accounting Policies and detailed explanation on the figures presented in the Balance Sheet and Income Statement.
 7. Must carry an Auditor's Opinion and Statement of Management Responsibility
 8. Must follow Philippine Financial Reporting Standards (PFRS)
 9. Must be audited by an independent external auditor registered with the PRC and BIR, and accredited by the Board of Accountancy (BOA)
- (The Statements must be comparative between the year audited and the previous year.)

In cases where the audited financial statements of the NGO/Foundation refer to the period of operations that ended more than six (6) months ago, the latest up-to-date unaudited financial statements must also be submitted.

Updated June 20, 2013