MSSV & CO.
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To,

The Trustees of

Grassroots Research and Advocacy Movement

1. Report on the Financial Statements

We have audited the accompanying Financial Statements of **Grassroots Research and Advocacy Movement,** which comprise the Balance Sheet as at 31st March, 2017, the Statement of Income & Expenditure Account for the year the ended, The Receipts and Payments Account for the year ended and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Management of the institution is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Institution in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

3.1 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

3.2 An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Institution's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting principles used and reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

3.3 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) In the case of the Balance Sheet, of the state of affairs of the Institution as at 31st March 2017;

(b) In the case of the Statement of Income & Expenditure, of the Excess of Expenditure over Income for the year ended on that date; and

(c) In the case of Receipts and Payment Accounts, of the cash flows for the year ended on that date.

5. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

6. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;

7. The Balance Sheet, Income and Expenditure Account and Receipts and Payments Account dealt with by this report are in agreement with the books of accounts;

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8. In our opinion, the Balance Sheet, the Income and Expenditure Account and Receipts and Payments Account comply with the Accounting Standards issued by the Institute of Chartered accountants of India.

For **MSSV & Co,**

Chartered Accountants

FRN: 001987S

D R Venkatesh

Partner

Membership No.: 25087

Place: Bangalore

Date: October 25, 2017

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

Organization presents its accounts in accordance with the Fund Based Accounting System. All the figures reported in Financial Statements are in Indian Rupees. Generally Accepted Accounting Principles in India are followed. Accounts have been prepared on going concern basis under historical cost convention. Organization follows accrual system of accounting except stated otherwise. The preparation of financial statements requires organization to make estimates and assumptions that affect the figures reported in Balance Sheet and Income & Expenditure Account. The actual results could differ from these estimates.

2. FUND ACCOUNTING

Organization has followed the principle of having separate funds for different programs. Funds available under each Program Focus Area are classified into three categories pursuant to donor imposed restrictions, organization policies & applicable law.

2.1 Restricted Funds

Restricted funds are funds whose use has been limited by donors or applicable law to a specific time period and/or for a specific purpose. As & when the restrictions are satisfied, funds to that extent are transferred to Statement Income & Expenditure in case of revenue expenditure and Asset Fund in case of capital expenditure.

2.1.1 **Earmarked Funds** are expendable funds, uses of which are specified by the donors or applicable Law.

2.2 Designated Funds

These are unrestricted funds set aside by the Governing Body for specific purposes and to meet future needs of the present commitments.

2.3 General Fund

Unrestricted Funds are unconditional expendable funds available for use at the discretion of Governing Body for furtherance of organization's objectives. These funds are neither restricted by donor nor designated for specific purpose by the Governing Body. All unrestricted unutilized donations are credited to General Fund. Surplus or deficit arising out of the operations is adjusted against the general fund

3. ACCOUNTING OF INCOME AND EXPENDITURE

- **Revenue Recognition**
  - All the incomes are recognized when organization is legally entitled to collect it and amount can be quantified with reasonable accuracy, on an accrual basis.
  - Interest on deployment of funds is recognized using the time proportion method, based on the underlying interest rates.
  - Revenue from Consulting is recognized on rendering of service or completion of training.

- **General Contribution** includes unspecified donations received in cash or kind.
- **Earmarked Funds** received towards recurrent expenditure are credited to specific income accounts to the extent restrictions are satisfied.
- **Income from activities** includes consultancy fees for the services rendered.
- **Net Movement in Funds** represents the surplus/deficit arising from operations and are adjusted against the general fund balance.

4. INVESTMENT

Investments are stated at cost along with accrued interest.

5. TAXATION

Organization is registered under section 12A of the Income Tax Act, 1961 and as such is exempt from taxation of its income and gains.

6. INTERNAL CONTROL AND RISK MANAGEMENT

The Governing Body has the overall responsibility for Organization's system of internal control. This system provides reasonable assurance against errors and frauds. There is a clear delegation of responsibility with adequate authority.

Grassroots Research and Advocacy Movement

Balance Sheet as at March 31, 2017

(Amount in Rs)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
FUNDS:			
Restricted Funds			
Earmarked Funds	1.	2,332,947	929,098
Unrestricted Funds			
General Fund	2	1,861,782	3,211,506
TOTAL FUNDS		**4,194,729**	**4,140,604**
ASSETS:			
Fixed Assets	3	275,382	-
Surplus / (Deficit)	4		
Long Term investment		-	-
Current investment		3,654,200	3,184,299
Current Assets	5	3,484,187	2,107,324
TOTAL ASSETS - A		7,413,769	5,291,623
Less: Amount spent from income accumulated u/s.11(2)			
LIABILITIES			
Current Liabilities	6	3,103,710	1,029,238
Short Term Provisions	7	-	74,381
Long Term Liabilities		115,330	47,400
TOTAL LIABILITIES - B		3,219,040	1,151,019
NET ASSETS (A - B)		**4,194,729**	**4,140,604**

Significant Accounting Policies and Notes referred to above form an integral part of the Balance Sheet

This is the Balance Sheet referred to in our report of even date

For MSSV & Co,
Chartered Accountants
FRN: 001987S

MSSV & Co Chartered Accountants BANGALORE

D R Venkatesh
Partner
Membership No. : 25087

Place: Bangalore
Date : 25th October 2017

For and on behalf of Board of Trustees of Grassroots Research and Advocacy Movement

Mr. Purushotham. J
Trustee

Mr. Vivek Padvetnaya
Trustee

Grassroots Research And Advocacy GRAAM

Grassroots Research and Advocacy Movement

Statement of Income and Expenditure for the year ended March 31, 2017

(Amount in Rs)

Particulars	Note no	For the year ended March 31, 2017	For the year ended March 31, 2016
INCOME			
Unrestricted			
General contribution			
Income from activities	8	5,407,919	8,063,659
Interest received		280,500	214,551
Restricted			
Earmarked Funds income	9	11,509,139	1,101,845
TOTAL		**17,197,558**	**9,380,055**
EXPENDITURE			
Personnel cost	10	3,259,454	4,031,901
Depreciation		74,452	-
Program expenditure	11	14,210,900	2,181,147
Operational expenditure	12	1,002,477	1,063,850
TOTAL		**18,547,283**	**7,276,898**
Surplus / (Deficit)		**(1,349,724)**	**2,103,157**
Less: Provision for Income-tax			**474,945**
Net Movement in Funds		**(1,349,724)**	**1,628,212**

Significant Accounting Policies and Notes referred to above form an integral part of Statement of Income and Expenditure

This is the Statement of Income and Expenditure referred to in our report of even date

For MSSV & Co,
Chartered Accountants
FRN: 001987S

MSSV & Co. Chartered Accountants BANGALORE

D R Venkatesh
Partner
Membership No.: 25087

Place: Bangalore
Date : 25th October 2017

For and on behalf of Board of Trustees of Grassroots Research and Advocacy Movement

Mr. Purushotham. J
Trustee

Mr. Vivek Padvetnaya
Trustee

Grassroots Research And Advocacy Movement GRAAM

Grassroots Research and Advocacy Movement
Notes to Accounts

1. EARMARKED FUNDS

Particulars	Opening Balance	Received during the year	Receivable for the year	Total	Expended	Returnable / returned	Balance
I, The Citizen Publication Fund	70,697	-	-	70,697	1,462	-	69,235
UNICEF	858,401	2,524,450	-	3,382,851	2,469,540	871,176	42,135
Titan	-	600,000	-	600,000	600,000	-	-
NABFINS	-	2,019,994	-	2,019,994	1,553,991	-	466,003
Aditya Birla	-	325,000	-	325,000	325,000	-	-
SVYM - Page	-	7,914,720	-	7,914,720	6,359,146	-	1,555,574
SVYM	-	400,000	-	400,000	200,000	-	200,000
TOTAL	**929,098**	**13,784,164**	**-**	**14,713,262**	**11,509,139**	**871,176**	**2,332,947**

2. GENERAL FUND

Particulars	As at March 31, 2017	As at March 31, 2016
Opening Balance	3,211,506	1,583,294
Add/ (Less): Transferred from Statement of Income & Expenditure	(1,349,724)	1,628,212
	1,861,782	**3,211,506**

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GRAAM Grassroots Research And Advocacy Movement

Note 3 - Fixed Assets

Particulars	Balance as on 01/04/2016	Additions		Deletions	Total	Rate of Depreciation	Depreciation	Balance as on 31/03/2017
		Upto 30/09/2016	After 30/09/2016					
Computers and Peripher:	-		210,208	-	210,208	60%	63,062	147,146
Equipment	-	6,405	23,110	-	29,515	15%	2,694	26,821
Furniture	-	63,800	46,311	-	110,111	10%	8,696	101,415
Total	-	**70,205**	**279,629**	-	**349,834**		**74,452**	**275,382**

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Research And Advocacy Movement GRAAM

8. INCOME FROM ACTIVITIES

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Consultancy Income	5,217,971	5,918,697
Sale of Books	146,228	850,406
Internship Income	12,000	762,319
Others	31,720	532,237
	5,407,919	8,063,659

9. EARMARKED FUND INCOME

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Action research	10,382,677	392,199
Knowledge dissemination	1,462	709,646
Research	1,125,000	-
	11,509,139	1,101,845

10. PERSONNEL COST

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Personnel Cost	3,259,454	3,962,240
Consultant charges	-	69,661
	3,259,454	4,031,901

11. PROGRAM EXPENDITURE

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Action research	2,469,540	237,199
Strategy development	6,022,917	289,947
Establishment	-	400,722
Knowledge dissemination	1,462	709,646
Community consultation	-	88,809
Field Study	-	389,824
Program Cost	5,716,980	
Strategy consultation	-	65,000
	14,210,900	2,181,147

12. OPERATIONAL EXPENDITURE

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Office Rent & Utilities	691,632	567,988
Travel cost	82,426	89,418
Miscellaneous expenses	177,159	126,374
Income tax	51,260	-
Amounts no longer receivable	-	280,070
	1,002,477	1,063,850

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Research And Advocacy

2016/17.

4. INVESTMENT

Particulars	As at March 31, 2017	As at March 31, 2016
A. Fund wise Allocation		
Long term liabilities	-	47,400
Current liabilities	-	406,728
General Funds	1,321,253	2,293,275
Earmarked Fund	2,332,947	436,896
	3,654,200	**3,184,299**
B. Allocation based on Maturity		
Long Term investments	-	-
Current Investments		
Short Term Deposit (Including interest accrued)	3,654,200	3,184,299
	3,654,200	**3,184,299**

5. CURRENT ASSETS

	Particulars		As at March 31, 2017	As at March 31, 2016
A.	**Cash & Bank Balances**			
	Cash on Hand		196	261
	Cash at Scheduled Banks		2,208,924	1,425,705
		Sub Total A	**2,209,120**	**1,425,966**
B.	**Loans & Advances**			
	Program advance with staff		15,291	3,200
		Sub Total B	**15,291**	**3,200**
C.	**Other Receivables**			
	Amazon		-	778
	Karnataka Vocational Training & Skill Development		183,426	-
	Navakarnataka Publication		2,625	2,625
	Page Industries		-	346,940
	Sansad Aadarsh Gram Yojna - Raichur		118,973	187,947
	Sapna Book House		3,375	3,375
	Saranga Infotech LLP		50,711	-
	Sutra Consulting Private Limited		450,000	-
	Swami Vivekananda Youth Movement		229,893	40,143
	VILD Foundation		693	-
	Tax deducted at source		220,080	96,350
		Sub Total C	**1,259,776**	**678,158**
		Total (A+B+C)	**3,484,187**	**2,107,324**

6. CURRENT LIABILITIES

Particulars	As at March 31, 2017	As at March 31, 2016
Incentive payable to employees	219,028	221,114
Payable to staff	768,240	-
Advance received for workshop	-	585,000
Credit card payable	2,754	
Payable to suppliers	1,770,661	-
Statutory Payables	95,431	223,124
Other Payables	247,595	-
	3,103,710	**1,029,238**

7. SHORT TERM PROVISIONS

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for Income tax		174,645