MSSV & CO.
CHARTERED ACCOUNTANTS

Telephone :23565065
23565068
23565073
Fax : 23565076

INDEPENDENT AUDITOR'S REPORT

To,

The Trustees of

Grassroots Research and Advocacy Movement

1. Opinion

We have audited the Financial Statements of **Grassroots Research and Advocacy Movement,** which comprise the Balance Sheet as at 31st March, 2019, the Statement of Income & Expenditure for the year the ended 31st March, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the entity give a true and fair view of the financial position of the entity as at 31st March, 2019, and of its financial performance for the year then ended in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the Code of Ethics issued by ICAI and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the state of affairs and the results of operations of the entity in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

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- In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.
- Those charged with governance are responsible for overseeing the entity's financial reporting process.

4. Auditor's Responsibilities for the Audit of the Financial Statements:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability

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to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For MSSV & Co,
Chartered Accountants
Firm Registration No.: 001987S

D R Venkatesh
Partner
Membership No.: 025087

Place: Bangalore
Date: 10th May 2019

Grassroots Research and Advocacy Movement

Statement of Income and Expenditure for the year ended March 31, 2019

(Amount in Rs)

Particulars	Note no	For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
Unrestricted			
Income from activities	11	95,08,999	1,22,36,841
Interest received		4,24,809	3,25,780
No longer payable		65,312	1,23,686
Interest on Income tax refund		11,260	-
Profit on sale of mutual funds		2,66,970	35,505
Restricted			
Earmarked Funds Income	12	4,88,13,853	2,61,38,732
TOTAL		**5,90,91,203**	**3,88,60,544**
EXPENDITURE			
Personnel cost	13	1,12,92,917	24,53,862
Program expenditure	14	4,29,52,603	3,01,29,612
Operational expenditure	15	12,03,463	8,16,736
Depreciation	5	2,86,653	1,36,263
TOTAL		**5,57,35,636**	**3,35,36,473**
Surplus / (Deficit)		**33,55,567**	**53,24,071**
Less: Provision for Income-tax		9,17,024	18,09,649
Net Movement in Funds		**24,38,543**	**35,14,422**

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
Firm Registration No. : 001987S

D R Venkatesh
Partner
Membership No. : 025087

Date : 10th May 2019
Place: Bengaluru

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

Dr. R Balasubramanyam
Chairman

Mr Purushotham. J
Trustee

Grassroots Research and Advocacy Movement

Balance Sheet as at March 31, 2019

(Amount in Rs)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
FUNDS:			
Restricted funds			
Earmarked funds	1	37,14,472	29,70,523
Staff benefit fund	2	2,77,776	1,24,753
Asset fund	3	12,23,440	3,54,971
Unrestricted funds			
General fund	4	65,91,307	50,21,233
TOTAL FUNDS		**1,18,06,995**	**84,71,480**
ASSETS:			
Fixed assets	5	12,23,440	3,54,971
Long term investment		-	-
Current investment	6	63,12,459	83,41,947
Current assets	7	98,98,295	47,46,112
TOTAL ASSETS - A		1,74,34,194	1,34,43,030
LIABILITIES			
Current liabilities	8	53,32,168	35,05,396
Short term provisions	9	1,02,089	13,26,787
Long term liabilities	10	1,92,942	1,39,368
TOTAL LIABILITIES - B		56,27,199	49,71,551
NET ASSETS (A - B)		**1,18,06,995**	**84,71,480**

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
Firm Registration No. : 001987S

D R Venkatesh
Partner
Membership No. : 025087

Date : 10th May 2019
Place: Bengaluru

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

Dr. R Balasubramanyam
Chairman

Mr Purushotham. J
Trustee

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 Board of Trustees 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 Board of Trustees for furtherance of organization's objectives. These funds are neither restricted by donor nor designated for specific purpose by the Board of Trustees. All unrestricted unutilized donations are credited to General Fund. Surplus or deficit arising out of the operations is adjusted against the general fund

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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.
  - Revenue from Consulting is recognized on rendering of service or completion of training.
  - Interest on deployment of funds is recognized using the time proportion method, based on the underlying interest rates.
- **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. Tax on income earned on consultancy income provided at the rate of tax in force.

6. INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Trustees 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.

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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	66,205	-	-	66,205	-	-	66,205
VFTG publication fund	-	3,34,702		3,34,702	3,34,702		-
Aahrus university	10,41,350	-	-	10,41,350	42,528	9,98,822	-
Disability NGO's alliance	4,13,422	-	4,75,000	8,88,422	8,88,422	-	-
Institute for social and economic change	-	4,21,400	1,05,350	5,26,750	5,26,750	-	-
Himatsingka foundation	-	1,50,000	90,000	2,40,000	2,40,000	-	-
Page industries	12,49,546	3,95,00,000	5,69,299	4,13,18,845	4,13,18,846	-	-
Arisglobal software pvt ltd	-	87,40,752	-	87,40,752	52,62,605	-	34,78,147
Individual - research fund	-	1,70,120	-	1,70,120	-	-	1,70,120
Swami vivekananda youth movement	2,00,000	-	-	2,00,000	2,00,000	-	-
TOTAL	**29,70,523**	**4,93,16,974**	**12,39,649**	**5,35,27,146**	**4,88,13,853**	**9,98,822**	**37,14,472**

2 STAFF BENEFIT FUND

Particulars	Opening Balance	During the year Contribution	Total	Expended	Closing Balance
Gratuity fund	1,24,753	1,53,023	2,77,776	-	2,77,776
TOTAL	**1,24,753**	**1,53,023**	**2,77,776**	**-**	**2,77,776**

3 ASSET FUND

	As at March 31, 2019	As at March 31, 2018
Opening balance	3,54,971	-
ADD: Transferred from general fund towards addition in the previous years	-	2,75,382
ADD: Additions during the year	11,55,122	2,15,852
ADD / (LESS): Transfer from / (to) Statement of Income & Expenditure	(2,86,653)	(1,36,263)
Closing Balance	**12,23,440**	**3,54,971**

4 GENERAL FUND

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	50,21,233	18,61,782
Add/ (Less): Transferred from statement of income & expenditure	27,25,196	36,50,685
Less: Transferred to asset fund towards addition in the previous years	-	2,75,382
Less: Capital payments	11,55,122	2,15,852
	65,91,307	**50,21,233**

5 FIXED ASSETS

Particulars	Opening Balance	Additions	Deletions	Total	Depreciation	Closing Balance
Computers and peripherals	1,93,685	7,42,699	-	9,36,384	2,26,014	7,10,370
Software	-	46,610	-	46,610	18,644	27,966
Equipment	52,905	1,03,605	-	1,56,510	15,706	1,40,804
Furniture	1,08,381	2,62,208	-	3,70,589	26,289	3,44,300
Total	**3,54,971**	**11,55,122**	**-**	**15,10,093**	**2,86,653**	**12,23,440**

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6 INVESTMENT

Particulars	As at March 31, 2019	As at March 31, 2018
A. Fund wise allocation		
Earmarked fund	23,92,636	29,00,000
Staff benefit	2,77,776	1,24,753
General funds	34,49,105	53,17,194
Long term liability	1,92,942	-
	63,12,459	**83,41,947**
B. Allocation based on maturity		
Long term investments	-	-
Current investments		
Short term deposit (including interest accrued)	63,12,459	83,41,947
	63,12,459	**83,41,947**

7 CURRENT ASSETS

Particulars		As at March 31, 2019	As at March 31, 2018
A. Cash & Bank Balances			
Cash on hand		471	309
Cash at scheduled banks		77,91,081	17,46,164
	Sub Total A	**77,91,552**	**17,46,473**
B. Loans & Advances			
Advances to suppliers		44,124	7,000
Program advance with staff		-	2,430
	Sub Total B	**44,124**	**9,430**
C. Earmarked fund receivables (Refer note No. 7C)		12,39,649	-
D. Other receivables (Refer note No. 7D)		8,22,970	29,90,209
	Total	**98,98,295**	**47,46,112**

8 CURRENT LIABILITIES

Particulars	As at March 31, 2019	As at March 31, 2018
Salary payable to staff	15,17,808	12,42,368
Income received in advance	7,29,600	-
Payable to suppliers & service providers	9,36,577	16,63,793
Statutory payables	7,31,242	4,30,058
Other payables	14,16,942	1,69,177
	53,32,168	**35,05,396**

9 SHORT TERM PROVISIONS

Particulars	As at March 31, 2019	As at March 31, 2018
Provision for Income-tax	9,17,024	18,09,649
Less: Prepaid taxes	8,14,935	4,82,862
	1,02,089	**13,26,787**

10 LONG TERM LIABILITIES

Particulars	As at March 31, 2019	As at March 31, 2018
Staff caution deposit	1,92,942	1,39,368
	1,92,942	**1,39,368**

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11 INCOME FROM ACTIVITIES

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Consultancy income	85,57,669	93,77,468
Sale of Books	5,86,749	1,12,128
Social survey charges	-	10,75,000
Donation	25,000	-
Internship income	1,85,652	2,45,677
Others	1,53,929	14,26,568
	95,08,999	**1,22,36,841**

12 EARMARKED FUND INCOME

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Action research	4,70,63,979	2,50,84,124
Knowledge dissemination	3,34,702	3,030
Research & evaluation	14,15,172	10,51,578
	4,88,13,853	**2,61,38,732**

13 PERSONNEL COST

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Personnel cost	1,12,92,917	24,53,862
	1,12,92,917	**24,53,862**

14 PROGRAM EXPENDITURE

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Action research	3,93,03,019	2,72,00,566
Research & evaluation	20,79,042	20,08,184
Publication	6,75,710	3,030
Eco system management	1,59,543	7,56,021
Consultancy & capacity building	7,35,289	1,61,811
	4,29,52,603	**3,01,29,612**

15 OPERATIONAL EXPENDITURE

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Office rent & utilities	6,23,970	5,40,608
Communication charges	21,657	13,392
Travel & transporation charges	2,08,475	1,46,260
Other operational expenses	2,88,927	59,625
Repairs and maintainence charges	23,469	50,238
Bank charges	36,965	6,613
	12,03,463	**8,16,736**

16 NET MOVEMENT IN FUNDS

Particulars	As at March 31, 2019	As at March 31, 2018
Transferred from Statement of Income & Exp		
To General fund	27,25,196	36,50,685
Sub Total - I	**27,25,196**	**36,50,685**
Transferred to Statement of Income & Exp		
From General fund	-	-
From Asset fund	2,86,653	1,36,263
Sub Total - II	**2,86,653**	**1,36,263**
Total (I - II)	**24,38,543**	**35,14,422**

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17. INVESTMENTS

During the year Rs.63,227/- (Previous Year Rs. 1,32,964/-) worth of interest has been accrued but not received on investments has been included in total investment of Rs. 63,12,459/- (Previous Year Rs. 83,41,947/-).

18. MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

Based on the information available with the Organization, there are no suppliers who are registered as Micro, Small or Medium Enterprises as per Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March 2019.

19. STAFF BENEFIT FUND

The following Table provides the disclosure in accordance with Revised AS – 15 in respect of Gratuity for the year ended and as at 31st March, 2019.

(Amount in Rs.)

	Particulars	Financial Year 2018 – 19	Financial Year 2017 – 18
I.	**Change in Defined benefit Obligations:**		
	Projected Defined Benefit obligations at the beginning of the year	1,24,753	-
	Current Service Cost	60,436	-
	Interest Cost	13,968	-
	Past Service Cost	-	-
	Actuarial Losses / (Gain)	78619	-
	Benefits paid	-	-
	Projected Defined Benefit obligations at the end of the year	2,77,776	1,24,753
II.	**Change In Plan Assets**		
	Plan assets at the beginning of the year at Fair Value	-	-
	Contributions by the employer	-	-
	Benefits paid	-	-
	Plan assets at the end of the year at Fair Value	-	-
III.	Present Value of Defined Benefit Obligation	2,77,776	1,24,753
	Plan Assets at the end of the year at Fair Value *	Nil	Nil
	Total Liability as at the end of the year **	2,77,776	1,24,753
IV.	Financial Assumptions at the Valuation Date		
	Discount Rate (P.A)	7.60%	7.55%
	Salary Escalation Rate	7.50%	5.00%

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* Plan Assets does not include the fixed deposit made by the Organization.

** Liability for gratuity shown under Gratuity Fund in Schedule No.2 as Gratuity Fund in financial statements.

20. NET MOVEMENT OF FUNDS

- Surplus or deficit arising out of operations, adjusted against the General Fund.
- Unutilized interest earned on Endowment Funds credited to Endowment principle.
- Unutilized interest earned on Asset Replacement Fund Credited to Asset Replacement Fund.

21. GENERAL

- Figures in bracket relates to previous year.
- Previous year's figures have been regrouped and reclassified wherever necessary to confirm with current year's presentation.

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SUB-SCHEDULES TO NOTES TO ACCOUNTS

7C EARMARKED FUND RECEIVABLES

Particulars		As at March 31, 2019	As at March 31, 2018
Disability NGO's alliance		4,75,000	-
Institute for social and economic change		1,05,350	-
Himatsingka foundation		90,000	-
Page industries		5,69,299	-
	Total	12,39,649	-

7D OTHER RECEIVABLES

Particulars		As at March 31, 2019	As at March 31, 2018
Amazon		18,900	417
ABB India foundation		-	2,65,500
Madhura fashions and lifestyle jankalyan trust		-	11,61,000
KPMG advisory		-	12,74,400
Navakarnataka publication		7,560	2,625
Dr. Shashikala gurpur		2,250	-
Karnataka state law university		11,700	-
N R foundation		4,72,500	-
Saranga Infotech LLP		-	50,711
Karnataka evaluation authority		2,80,000	-
Tax deducted at source		30,060	2,35,556
	Total	8,22,970	29,90,209

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