

To  
The Chairman  
Supporting Association for Thematic and Holistic Initiatives (SATHI)  
Dhirendrapuri, Chachikpur via Goshainganj Akabarpur  
District: Ambedkarnagar, U.P., India

### **Independent Auditors' Report**

#### **Report on Financial Statements**

We have audited the accompanying financial statements of Supporting Association for Thematic and Holistic Initiatives (SATHI), which comprise the consolidated Receipts & Payments, Income & Expenditure Account and organizational Balance Sheet as at 31st March 2022.

#### **Management's Responsibility for the Financial Statements**

The Management of the organization is responsible for the preparation and the true and fair presentation of these financial statements in accordance with Indian Generally Accepted Accounting Principles and standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

Our responsibility is to express our opinion on these financial statements based on our audit. We conducted our audit and this report is made solely to you, as a body, in accordance with the standards on Auditing issued by the Chartered Accountants of India, which require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurances as to whether the financial statements are free from material misstatement.

Our audit involves performing procedures to obtain audit evidence about the amounts and disclosures 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 organizational preparation and true and fair presentation of the financial statements in order to design Procedures that are appropriate in the circumstances. our audit also includes evaluating the appropriateness of accounting policies and internal control made by the management, as well as evaluating the overall presentation of the financial statements.

#### **Opinion**

We believe that the evidences we have obtained while our audit is sufficient and appropriate to provide a basis for our audit opinion as below;

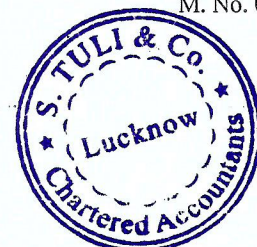
In our opinion Proper books of accounts have been kept by the society as far as appears from our examination of the books of accounts. The financial statements dealt by this report are in agreement with the presented books of accounts. In our opinion and to the best of our knowledge on the basis of necessary explanations given to us for the purpose of Audit, the financial statements give a true and fair view in the manner required and in accordance with the accounting standards and principles generally accepted in India.

- a. In the case of Balance Sheet of the State of Affairs of the Society as at 31st March 2022; and
- b. In the case of Income & Expenditure Account, of the Surplus for the Year ended on that date.

FOR S. TULI & Co.  
CHARTERED ACCOUNTANTS  
FRN. NO. 000438C

P.K. UPPAL  
PARTNER  
M. No. 074231

PLACE: LUCKNOW  
DATE: 11.07.2022



## GENERAL EXPLANATORY NOTES

### Notes/ Statement on the objectives and activities

SATHI works to improve the quality of life and well-being of marginalized communities of society through capacitating small and grassroots' level potential civil society organizations, building perspective of development professionals working at grassroots level, and leadership building among deprived section of society. SATHI works in the following thematic areas with the focus aim of promoting community action and bringing smile on deprived faces.

- Promoting Community Action for
  - Women empowerment and strengthening local self governance
  - Enhancing Sustainable Livelihood
  - Promoting primary Health care & Nutrition
  - Promoting pre-primary and primary education
- Philanthropic initiatives through capacity building of civil society

### **Vision**

SATHI envisions an inclusive and progressive society; where everyone is growing holistically and contributing to the multi-dimensional human development.

### **Mission**

Improving the life situation of marginalized sections of society and enhancing capacity of civil society individuals as well as civil society organizations to catalyze the development actions in underdeveloped regions.

### **Descriptions on the Program/Projects**

#### **A) Promoting Community Action**

i) **Empowering Rural Women for effective delivery of govt's flagship schemes**" project is being implemented in 15 Gram Panchayats-GPs of Harringtonanj, Ayodhya. This is women-centric development project to promote women inclusion & empowerment and entitlements realization. This project engages to women CBOs and PRIs and provides inputs for women leadership development, responsible citizenship, entitlement realization of eligible families. Focus strategy of project is i) Collectivization & mobilization of women and leadership development ii) Enhancing the understanding and knowledge of Nari Sangh on entitlement realization; and iii) Nari Sangh-NS engagement with PRI and government officials

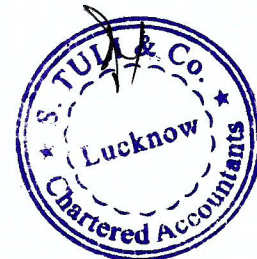
ii) **GyanSetu program** is being implemented in Harringtonanj block of district Ayodhya and Mangraura block of district Pratapgarh, Uttar Pradesh. Total 4 GyanSetu centres is being implemented and facilitated; 2 in each block. SATHI is as a lead partner facilitating; 2 centres in Mangraura block in the partnership with Gram Vikas SewaSansthan-GVSS and 2 centres facilitating directly in Harringtonanj block. This program work to address the issues of primary education for marginalized families' children and mainstream to children in primary education.

iii) **"Sustainable Livelihoods and MGNREGA"** project is implemented in block Harringtonanj of district Ayodhya. This was focused to facilitate to job seekers for effective implementation of MGNREGA. This initiatives engages to the women Leaders in form of Federation to work on addressing the issues of MGNREGA.

iv) **COVID-19 relief** initiatives implemented in district Ayodhya and Basti. This intervention supported to marginalized families impacted from COVID-19 and lockdown. SATHI with the support of donors and local administration supported to the marginalized families by providing dry ration, hygiene material. It also facilitated and supported to them for availing benefit from the different govt schemes.

#### **B) Philanthropic Initiatives through capacity building of civil society**

v) **Project "Strengthening People's Action for Humane Equitable and Sustainable Society ( SAHES Fellowship)** is being implemented with 11 Fellows from Eastern UP and Bundelkhand regions of Uttar Pradesh. This Fellowship program facilitate to the Fellows and by them to community for building and strengtthening constitutional values- Justice, Liberty, Equality and Fraternity in communities. These Fellows worked to create an environment among community Constitutional Values and engage to Volunteers as Samvidhan Mitra to expand the intervention.





vi) **Certificate Program in Rural Livelihoods-CPRL** is designed for the Tribal Rural Professionals. This Certificate program is an initiative of Bharat Rural Livelihood Foundation-BRLF and IHMR University. Overall objective of this program is capacity building of tribal rural professionals on Rural Livelihood. SATHI as capacity building partner conducted training with 30 youths on " Rights and Entitlements".

**C) Issue Based Advocacy and Networking**

vii) **SATHI as platform of grassroots organizations is promoting mutual dialogue and cooperation among civil society organization-CSO.** Networking with grassroots level CSOs is based on its core ideology "Friendship-Dialogue-Cooperation." Aim of networking and advocacy is "Providing mutual support and technical & thematic assistance" to CSOs and Advocacy with concern institution to "deal with emerging needs/issues of communities". Networking of the CSOs are through SATHI 40 District Forums-SDFs. 5 Regional Hubs.

**D) Other initiatives taken by SATHI**

viii) **SATHI as Resource organization conducted baseline study of project titled "strengthening civil society organizations towards fostering women empowerment in Eastern Uttar Pradesh.** This program is being implemented by Child Fund India-CFI partners in 10 districts of Uttar Pradesh. project locations of CFI partners.

**Notes on Financial Statements**

**Accounting principles for the financial statements**

**a) Preparation of financial statements and Basis of accounting**

The financial statements are prepared in accordance with the Financial Policies, procedures and Rules of Supporting Association for Thematic and Holistic Initiatives-SATHI and in accordance with the generally accepted accounting standards in India in accordance with historical cost conventions. The society follows the cash system of accounting and the Values presented in the financial statements are in Indian rupees. The financial statements are presented in line with the formats agreed by the members of the executive board of Supporting Association for Thematic and Holistic Initiatives-

**b) Reporting/ Financial period**

The financial statements are prepared on the basis of financial year starting from 1st April 2021 and ending on 31st March 2022.

**c) Fund Accounting for earmarked funds**

Supporting Association for Thematic and Holistic Initiatives-SATHI receives ear-marked funds for the specific programme/projects. As they are ear-marked/ restricted funds, these funds are accounted and utilized in accordance with its designated purposes/ Budget and in time period specified by the donor. Separate books of accounts are maintained for each of these funds. Undisbursed funds are shown separately in the Balance sheet.

**d) Recognition of Foreign Currencies:**

The recognition and transactions of Foreign Currencies are done through the Designated Bank Account approved under the Foreign Contribution Regulation Act 2010. Transactions of foreign currencies are accounted and reported in the financial statements are at the rate of exchange value on the date of transaction in indian rupees.

**e) Expenses on organizational Objectives:**

The amount spent are bifurcated under the organizational objectives like, welfare/ empowerment of women, welfare of children, Rural Development, welfare of physically and mentally challenged, Relief/Rehabilitation of Victims of Natural Calamities. Rural Development etc.

**f) Legal /Statutory Compliances:**

The financial statements are prepared in accordance and complying with the norms and conditions under the Income Tax Act 1961 and the Foreign Contribution (Regulation) Act 2010.

**g) Income Taxes:**

The organization qualifies for tax-exemption under the section 12A of the Income Tax Act 1961 as a charitable organization.

**h) Budgetary control:**

Detailed budgeting breakdowns as per the programs and norms and conditions laid by the donor agencies enable us to make necessary financial management decisions that the costs remains within the budget.



**i) Fixed Assets:**

Fixed assets are recorded in the financial statement at the historical cost less depreciation.

**j) Depreciation:**

Depreciation on the Fixed Assets have been applied on written down method as per the rates prescribed under the Income Tax Act 1961.

**k) Contingent Liabilities:**

No contingent liabilities for the year have come into the notice of the management.

**l) Accumulation of Income (Surplus):**

Income & Expenditure Account for the year ending 31st March 2022 shows accumulation of revenue Surplus of Rs. 14,47,904.23

**m) Bank Reconciliation Statement**

Saving bank accounts have been duly reconciled at the end of the reporting period and there was no long outstanding debit/credit entry in the bank reconciliation statement.

**n) Cash In-Hand and cash at Bank (Balance Confirmation)**

The total cash in hand as on 31st March 2022 is Rs. 6,416.00, The Cash at bank as on 31st March 2022 is Rs. 59,29,195.63 and an Imprest Balance with projects is Rs. 34,850.00

**Accounting principles for the Income & Expenditure Statement**

**a) General**

The result of income and expenditure account is defined as the difference between the income generated and amount utilized during the year.

**b) Income from General donations**

Income from General donations consists of the donations and other contributions by individuals and third parties without any specific purpose. These funds are accounted for the use of general administration and management to achieve the aims and objects of Supporting Association for Thematic and Holistic Initiatives-SATHI.

**c) Income from Bank and FDR Interest**

Income from Bank and FDR Interest includes the interest earned out of the fund in FFDs (Flexi Fixed Deposits), interest on income tax(TDS) deducted on interest and also as well as from the interest bearing saving bank accounts. Supporting Association for Thematic and Holistic Initiatives-SATHI does not invest in any shares, bonds or mutual funds which are subject to market risks.

**d) Management and Administrative Expenditures**

Management and Administrative Expenditures includes costs related to the general administrative as well as internal governance of the the organizations for the smooth execution of its aims and objectives.





**MANAGEMENT LETTER BY INDEPENDENT AUDITORS ON INTERNAL CONTROL AND FINANCIAL MANAGEMENT**

Sl.No.	Frame Work	Minimum Points to be covered on the status of the Organization in Management Letter		Auditor's Remark
1	Planning and Budgeting System	1	Approved Budget is used for the Reporting and Monitoring	Yes
		2	Finance Department hold a copy of the budget for booking the expenses. In case of modification of budget whether necessary approvals are obtained.	Finance Department Holds a Copy of the budgets and no modification noted during the period under review.
2	Accounting System	1	Separate project Cash books and ledger books are maintained for ear-marked funds	Yes
		2	Chart of accounts	Maintained
		3	Following Fund Accounting	Yes, Sperate books of account are maintained for each earmarked projects/programs funds.
		4	Maintaining Financial Records with quality supporting documentation	Necessary Supporting Documents are maintained.
		5	Authorisation Procedures and Practices are in Place	Yes
3	Controls, Checks and Balances	1	Cash Control	Yes, Petty Cash registeres and other cheks and balances are are maintained which ensures proper cash control.
		2	Bank Control	Yes
		3	Bank Reconciliations	Periodic bank reconciliations are carried out as mentioned in the finace operational mannual of the organisation
		4	Fixed assets Control	Yes, fixed assets registers are maintained as required.
		5	Procurement Procedures and Purchase Control	Yes, Systems are followed as per the Procurment proedures and purchase mannual of the organization.
4	Reporting	1	Budget Comparison Report and analysis of reasons of Variance.	Systems are Followed
		2	Obtaining Prior approvals for variance exceeding prescribed percentage on modification in activity.	Not Noted / Reported
		3	Reporting is done in accordance with the budget items and in the given format.	Yes
		4	Interest apportionment on donor funds	followed as required
		5	Variation and deviation of usage of funds	Not Noted / Reported
5	Financial Monitoring	1	Levels and Persons involved in Monitoring	Executive Directors, Management, Departmental Heads
		2	Segregation of duties and responsibilities included in the financial monitoring	The finance department has a proper system for segregation of duties and responsibilities for the financial monitoring and varifications of financial transactions as set in the fiance operational manual of the organization
		3	Systems and Procedures involved in Monitoring	Maintained and followed as deccribed in the finance mannual of the organization.



6	Legal Compliance	1	Compliance of FCRA	Yes
		2	Compliance of Income Tax Act	Yes
		3	Compliance of Societies Act	Yes
		4	Compliance of Social Security Schemes	Yes
7	Governance	1	Minutes of Governing Body meetings	Maintained
		2	Quorum for the Meetings	Maintained
		3	Frequency and Agenda of the Meetings	Holds the Minimum Number of Meetings as required with necessary notice and agenda circulated among the members
8	Finance Staff	1	Skills of the Staff	Qualified
		2	Qualification	M.Com.
		3	Experience	15 Years
		4	Job Responsibilities	Preparation & Finalization of the Financial Statements
		5	Supervising Capability in Managing of Budget	Adequate
		6	Reporting and Monitoring Capability on financial aspects of the project.	Adequate

FOR S. TULI & Co.  
CHARTERED ACCOUNTANTS

P.K. UPPAL  
PARTNER

M. No. 074231

PLACE: LUCKNOW  
DATE: 11.07.2022





MANAGEMENT LETTER BY INDEPENDENT AUDITORS ON INTERNAL CONTROL AND FINANCIAL MANAGEMENT

STATUS OF PRIOR PERIOD AUDIT RECOMMENDATIONS

For the year ended 31 March 2022

Sl.No.	Audit finding	Audit recommendation	Compliance/ Current Status
1	Lack of supporting documents	In few of the cases where external supporting documents like reports, participants list , etc. are not available for certain transactions, it is recommended that the management make sure that the same should be obtained and kept as a proof of the accounting transaction.	Resolved

PLACE: LUCKNOW  
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