

Independent Auditor's Report

To the Members of Society
The Centre for Internet and Society

Report on the Audit of Financial Statements

Qualified Opinion:

1. We have audited the accompanying financial statements of **The Centre for Internet and Society** ("the Society") which comprise the Balance Sheet as at March 31, 2023, the statement of Income and Expenditure and the statement of Receipts and Payments for the year ended March 31, 2023, and notes to the financial statements, including a summary of significant accounting policies (herein after referred to as "financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs (financial position) of the society as at March 31, 2023, and of its excess of expenditure over income (financial performance) for the year then ended on that date.

Basis for Qualified Opinion:

3. We draw attention to Note 11(a) of the financial statements, wherein the Society has explained about the misappropriation of funds in the earlier years and the consequent judiciary proceedings initiated against the ex-employee alleged of the misappropriation, who was overseeing the finance and accounting function. Further Note 7(a) of the financial statements outlines an amount of Rs. 14,63,998/- that is indicated as "To be recoverable from the ex-employee", which represents the amounts suspected to have been misappropriated by the ex-employee during the financial year 2013-14 and 2014-15. In view of the ongoing judicial proceedings, we are unable to comment on the adjustments required, if any, and the recoverability of Rs. 14,63,998/- as stated above, since these could be determined only on outcome of the judicial proceedings.
4. We conducted our audit in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India (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 society in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters:

5. We draw attention to note 2(d), which states that the Society has incurred Rs. 18,94,161 in excess of the grant amount received from donors up to March 31, 2023 against two specific projects i.e., American University Fund and Open Collective Foundation Fund.
6. We draw attention to Note 1(B)(2), where it is highlighted that there has been a substantial reduction in the balances of Property, Plant, and Equipment (PPE) due to a change in the accounting treatment of PPE in the financial year 2022-23. In light of a revaluation carried out by a certified surveyor, management became aware that a significant portion of these assets could no longer be accounted for, leading to their removal from the financial records. To address this decline in asset value, an adjustment was applied to the Capital Fund. Additionally, ongoing depreciation is now calculated based on the revalued amounts.

Our opinion is not modified in respect of the above matters.

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

7. Management of the Society is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Society in accordance with the applicable accounting principles generally accepted in India. This responsibility also includes design, implementation, and maintenance of adequate internal financial controls that were operating effectively for ensuring 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.
8. In preparing the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.
9. The management is also responsible for overseeing the Society's financial reporting process.



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

10. 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 Standards on Auditing and generally accepted accounting principles in India will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing ('SAs'), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- i. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform the 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, internal omissions, misrepresentations, or the override of internal control.
 - ii. 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 Society's internal control.
 - iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - iv. 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 Society's ability 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 society to cease to continue as a going concern.
 - v. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



12. 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.
13. 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.

Other Matters:

14. The financial statements of the Society for the year ended March 31, 2022 were audited by the predecessor auditor i.e., M/s. SHARP & TANNAN Chartered Accountants, who have expressed qualified opinion vide their audit report dated September 28, 2022, whose reports have been furnished to us and which have been relied upon by us, for the purpose of our audit.

Our opinion is not modified in respect of this matter.

Restriction on Use:

15. This report has been issued solely for the members of the Society for the purpose of adoption of the financial statements of the Society and for submission to the Registrar of Societies in terms of Section 13 of Karnataka Societies Registration Act, 1960 and therefore should not be used for any other purpose or should not be distributed to any other parties. Accordingly, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

For Brahmayya & Co.,
Chartered Accountants
Firm Registration No:000515S



G. Srinivas

Partner

Membership No: 086761

UDIN: 23086761BGWJNV5547

Place: Bengaluru

Date: October 31, 2023.



The Centre for Internet & Society
Balance Sheet as at March 31, 2023

Particulars	Note	As at 31 March 2023		As at 31 March 2022	
		Amount (Rs.)		Amount (Rs.)	
FUNDS AND LIABILITIES					
I. Capital and other funds					
i) General fund	1(A)	37,98,661		62,09,658	
ii) Capital funds used for purchase of Property, plant and equipment	1(B)	7,76,842		85,73,046	
iii) Balance in undisbursed funds	2	4,38,59,814	4,84,35,317	5,98,25,528	7,46,08,232
II. Liabilities					
i) Provisions	3		22,94,710		
ii) Other current liabilities	4		6,713		57,000
Total			5,07,36,740		7,46,65,232
ASSETS					
i) Property, plant and equipment	1(B)	7,76,842		85,73,046	
ii) Cash and Bank balances	5	4,43,10,386		6,25,46,013	
iii) Loans and advances	6	41,85,513		20,82,175	
iv) Other Advances	7	14,63,998	5,07,36,740	14,63,998	7,46,65,232
Total			5,07,36,740		7,46,65,232

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For Brahmayya & Co.,

Chartered Accountants

Firm Registration No. 000515S

For and on behalf of the Members of Society

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G. Srinivas

Partner

Membership Number: 086761

Tanveer Hasan A.K.

Executive Director

Vikram Hegde

Board Member and Nominee

Place: Bengaluru

Date: 31-10-2023

Place: Bengaluru

Date: 31-10-2023

Place: Bengaluru

Date: 31-10-2023



The Centre for Internet & Society
Statement of Income and Expenditure for the year ended March 31, 2023.

Particulars	Note	2022-23		2021-22	
		Amount (Rs.)		Amount (Rs.)	
INCOME					
i) Consultancy income		-		9,50,000	
ii) General donations		-		-	
iii) Other income		-		-	
iv) Interest income		-		16,775	
v) Unspent specific grant	2(d)	-		-	
vi) Membership fees/registration fees		1,550		850	
vii) Miscellenous income		9			
viii) Untied project receipts		-	1,559	-	9,67,625
EXPENDITURE					
i) Expenditure against consultancy income		-		2,18,204	
ii) Untied project expenses		-		-	
iii) Bank charges		2,466		144	
iv) General administration		7,001		-	
v) Excess expenditure over specific funds	2(d)	-		-	
vi) Tax penalty	3	18,94,710			
vii) General expenses		5,08,376	24,12,553	26,75,549	28,93,897
Excess of expenditure over income transferred to general fund					
			(24,10,994)		(19,26,272)

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For Brahmayya & Co.,
Chartered Accountants
Firm Registration No. 000515S

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G. Srinivas
Partner
Membership Number: 086761

Place: Bengaluru
Date: 31-10-2023

For and on behalf of the Members of Society

Tanveer Hasan A.K.
Executive Director

Vikram Hegde
Board Member and Nominee

Place: Bengaluru
Date: 31-10-2023

Place: Bengaluru
Date: 31-10-2023



The Centre for Internet & Society
Statement of Receipts and Payments for the year ended March 31, 2023

RECEIPTS		PAYMENTS		
Particulars	Note	2022-23 Amount (Rs.)	2021-22 Amount (Rs.)	2021-22 Amount (Rs.)
To opening balance of recoverables				
i) Cash and bank balances		6,25,46,013	4,51,69,402	
ii) Loans and advances		20,82,175	18,39,320	
iii) Advance recoverable suspense		14,63,998	14,63,998	4,42,055
To contributions received during the financial year	2	3,78,65,963	7,50,00,188	
To other receipts during the financial year				
i) Consultancy income		-	9,50,000	
ii) Interest on short term deposit		-	16,775	
iii) General donations		-	-	
iv) Other income		-	-	
v) Membership fees registration fees		1,550	850	
vi) Unlied project income		-	-	
vii) Interest income		-	1,550	9,67,625
To closing balance of liabilities				
i) Other current liability	4	6,718	57,000	
ii) Provisions	3	22,94,710		
Total		10,62,61,127	12,44,97,533	
By opening balance of liabilities				
i) Other current liabilities			57,000	
By expenditure against grant sanction during the financial year	2	5,38,31,676		5,50,69,396
By other payments during the financial year				
i) Expenditure against consultancy income		-	2,18,204	
ii) Bank charges		2,466	144	
iii) Unlied project expenses		-	-	
iv) General administration		7,001	-	
v) General expenses		5,08,376	26,75,548	28,93,896
vi) Tax penalty paid		18,94,710	24,12,553	
By closing balance of recoverables				
i) Cash and bank balances	5	4,43,10,386	6,25,46,013	
ii) Loans and advances	6	41,85,513	20,82,175	
iii) Advance recoverable suspense	7	14,63,998	4,99,59,897	14,63,998
Total		10,62,61,127	12,44,97,533	

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For Brahmaya & Co.,
Chartered Accountants
Firm Registration No. 0005155

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G. Srinivas
Partner
Membership Number: 086761

Place: Bengaluru
Date: 31-10-2023



For and on behalf of the Members of Society

(Signature)

Tanveer Hasan A.K.
Executive Director

(Signature)
Vikram Hegde
Board Member and Nominee

Place: Bengaluru
Date: 31-10-2023

Place: Bengaluru
Date: 31-10-2023

The Centre for Internet & Society

Notes forming part of the Financial Statements for the year ended March 31, 2023

Note -1(A): General fund

Particulars	As at 31 March 2023 Amount (Rs.)	As at 31 March 2022 Amount (Rs.)
Opening balance	62,09,658	81,35,930
Excess of expenditure over income transferred to general fund	(24,10,994)	(19,26,272)
Closing balance	37,98,664	62,09,658

Note -1(B): Capital fund/ Property, plant and equipment

Particulars	As at 31 March 2023 Amount (Rs.)	As at 31 March 2022 Amount (Rs.)
Opening balance	85,73,046	70,99,795
Additions during the year	4,61,188	14,73,251
Less: Adjusted against Capital fund (refer note 2 below)	82,57,392	
Closing balance	7,76,842	85,73,046

Note:

1. Property, plant and equipment held in the books were purchased against specific projects and were accounted based on fund accounting system i.e. recorded as payment in the respective specific project. For the purpose of control, the Property, plant and equipment were notionally recorded in the Balance Sheet with a corresponding credit to 'Capital Fund' till the previous year.

2. The Society incorporated with effect from 04 July 2008, as on 31st March 2022 has Gross value of Property, plant and equipment amounting to Rs. 85,73,046. Property, plant and equipment purchased towards specific projects are accounted based on fund accounting system and are recognized at cost. The purchases are recorded as utilisation in the respective fund.

In the current period, Management of the Society decided to revalue its assets through certified surveyor. This revaluation led to a significant reduction in the recorded balances of Property, Plant, and Equipment. To account for this reduction in asset value, an adjustment was made to the Capital Fund. Further depreciation is accounted on the revalued amount.



The Centre for Internet & Society
Notes forming part of the Financial Statements for the year ended March 31, 2023

Note - 2: Balance in undischursed funds
a) Foreign

Projects	Donor	Opening balance (Rs.)	Receipts during the year (Rs.)	Total funds available for utilisation (Rs.)	Expenses during the year / (Balance recoverable from the donor) (Rs.)	Closed projects transferred to income & expenditure (Rs.)	Balance as at 31 March 2023		
							Total (Rs.)	Excess applied (Rs.)	Undischursed funds (Rs.)
		[A]	[B]	[C]=[A + B]	[D]	[E]	[F] = [C - D - E]	[G]	[H]
Develop educational content under a free license	Wikimedia Foundation	1,05,14,242	24,81,962	1,29,96,204	77,38,909	-	52,57,295	-	52,57,295
Mozilla research grant (Making voice Heard) 2019	Mozilla Voice	-45,222	-	-45,222	-45,221	-	-1	-	Excess Applied
Digital identity	Omidyar Fund	51,487	-	51,487	-	-	51,487	-	51,487
Tiger Project 2.0	Wikimedia Foundation	25,30,363	-	25,30,363	9,28,601	-	16,01,762	-	16,01,762
Contributing to public interest copyright policy at the WIPO	American University Fund	-5,05,343	5,64,017	58,674	19,03,271	-	-18,44,597	-18,44,597	Excess Applied
2021 Local Networks (LocNet) research policy and regulatory measures for community networks in India	Association for Progressive Communications telecom	39,540	2,42,610	2,82,150	2,68,484	-	13,666	-	13,666
Ford Technology Policy Landscapes Grant	Ford Technology Policy Landscapes Grant	88,913	-	88,913	-	-	88,913	-	88,913
Feminist Internet Research Network (FIRN) dissemination activities	Association for Progressive Communications FIRN	6,737	-	6,737	-	-	6,737	-	6,737
Feminist Internet Research Network (FIRN) dissemination activities	Association for Progressive Communications FIRN 2.0	10,48,219	4,06,161	14,54,380	13,55,256	-	99,124	-	99,124
Feminist Internet Research Network (FIRN) dissemination activities	Association for Progressive Communications OCIS Fund	368	-	368	-	-	368	-	368
Feminist Internet Research Network (FIRN) dissemination activities	Association for Progressive Communications OVOF Grant	-7,799	92,979	85,180	-8,655	-	93,835	-	93,835
Media market scoping and review	Global Disinformation Index	2,59,440	-	2,59,440	2,00,000	-	59,440	-	59,440
General operating support	Hewlett Foundation	6,91,365	38,135	7,29,500	7,15,892	-	13,608	-	13,608
Support of leadership transition and training	Hewlett Foundation	8,04,094	-	8,04,094	8,04,094	-	-0	-0	Excess Applied
Research on digital platform	Internet Society Foundation Fund	72,27,509	16,89,416	89,16,925	66,28,363	-	22,88,562	-	22,88,562
Study of security ramifications of open-source software and areas of targeted intervention	Open Collective Foundation Fund	17,80,291	23,00,149	40,80,440	41,30,004	-	-49,564	-49,564	Excess Applied
Mozilla Core Grant	Mozilla Core Grant (Mozilla Foundation)	37,37,643	69,367	38,07,010	10,95,915	-	27,11,095	-	27,11,095
Mozilla Open Data India	Mozilla Foundation	13,53,603	24,782	13,78,385	3,89,152	-	9,89,233	-	9,89,233



	Privacy International	3,97,912	6,43,591	6,25,125	-	18,466	-	18,466
Privacy International Fund 2021-22		2,45,679	6,43,591	6,25,125	-	18,466	-	18,466
The International Labour Organisation Fund	The International Labour Organisation Fund	5,15,191	13,02,730	7,84,137	-	5,18,593	-	5,18,593
Digital identity systems: Developing a dynamic evaluation framework tool	Research ICT Africa Fund	54,62,907	55,14,206	54,58,498	-	55,798	-	55,798
Research on facial recognition technology in India	University of Essex Fund	27,290	8,38,198	1,992	-	8,36,206	-	8,36,206
Research on the state of the internet's languages	Whose Knowledge Fund	9,46,725	9,46,725	9,46,725	-	0	-	0
Research on technical standards for artificial intelligence in the Indo-Pacific	Australian Strategic Policy Institute	43,57,194	43,57,194	37,39,623	-	6,17,571	-	6,17,571
To promote and safeguard internet freedoms through better civil society understanding of internet censorship, digital rights and safety in advocacy	East West Management Institute	-	17,52,815	4,74,303	-	12,78,512	-	12,78,512
To conduct a mixed methods research study to comprehensively understand digital safety in India, and inform interventions beneficial for at-risk communities.	Google.Org (Tides) Digital Safety	-	1,21,98,771	4,76,095	-	1,17,22,676	-	1,17,22,676
charitable, scientific, literary, religious or educational purposes and digital resilience in social justice research in South Asia	New Venture Fund	76,64,280	76,64,280	60,93,731	-	15,70,549	-	15,70,549
To conduct research and host workshops in the area of transgressive technologies in an India-EU Context and trends in data governance in India and the EU	Tilburg University	6,06,344	6,06,344	2,56,999	-	3,49,346	-	3,49,346
Social Protection Project- To research on the National Digital Health Mission ("NDHM") ecosystem, potentially leading to proactive deliberations on the steps that may need to be taken to modify/strengthen the NDHM ecosystem.	PI Digital Health & Social Protection in India	11,09,233	11,09,233	8,53,543	-	2,55,690	-	2,55,690
Total - (A)		5,48,13,000	9,24,58,963	5,33,19,964	-	3,91,38,999	-18,94,161	4,10,33,160

b) Local

Projects	Donor	Opening balance (Rs.)		Receipts during the year (Rs.)		Total funds available for utilisation (Rs.)		Expenses during the year (Rs.)		Closed projects transferred to income & expenditure [Refer note (e) below]		Balance as at 31 March 2023		
		[A]	[B]	[C]=[A+B]	[D]	[E]	[F]= [C - D - E]	[G]	[H]	Total (Rs.)	Excess applied (Rs.)	Undisbursed funds (Rs.)		
Regulatory practices lab	Facebook India Online Services Pvt Ltd	23,40,000	-	23,40,000	-	23,40,000	-	23,40,000	-	-	-	23,40,000	-	-
Facebook 2019 fund	Facebook India Online Services Pvt Ltd	16,024	-	16,024	-	16,024	-	16,024	-	-	-	16,024	-	-
Research on artificial intelligence and privacy, RPL	Google India Pvt Ltd	18,97,504	-	18,97,504	5,11,712	18,97,504	5,11,712	13,85,792	-	-	-	13,85,792	-	-
MSR grant 2020	Microsoft Research Lab India Pvt Ltd	7,59,000	-	7,59,000	-	7,59,000	-	7,59,000	-	-	-	7,59,000	-	-
Nectar Grant Fund	North East Centre for Technology AR	-	2,20,000	2,20,000	-	2,20,000	-	2,20,000	-	-	-	2,20,000	-	-
Total - (B)		50,12,528	2,20,000	52,32,528	5,11,712	52,32,528	5,11,712	47,20,816	-	-	-	47,20,816	-	-
Total (A+B)		5,98,25,528	3,76,65,963	9,76,91,491	5,38,31,676	4,38,59,814	(18,94,161)	4,57,53,976	-	-	-	4,57,53,976	-	-



- (c) The undisbursed funds of Rs. 4,57,53,974/- as at 31 March 2023 is subject to confirmation by the respective donors.
- (d) During the year, the excess expenditure over specific grants amounting to Rs. 18,94,161 is recoverable from the respective donors
- (e) From time to time, the Society receives grants from private corporations like Facebook India Online Services Pvt Ltd and Mozilla Core Grant carry out research. Unlike foundations which provide grant letters for research, companies provide 'gift letters' or 'letters of support' for the disbursement of funds. Though structured as a 'gift letter' or 'letter of support', the work has defined outputs and deliverables, timelines, and a budget just like a grant letter. The gifts or support are not given in exchange of services or products but to support research and/or educational endeavours similar to Grants from foundations. The Society uses the funds towards salaries and research costs as well as administrative costs of furthering the research and academic goals as per the specific requirements of the project. Any funds from the gift/support remaining beyond the timeframe in the letter of gift/support is used towards furthering project and organisational requirements in similar areas of research, as per the understanding with the corporates. Accordingly, these funds are considered as earmarked grants and are accounted under the fund accounting system as per Note 12 (c).



The Centre for Internet & Society

Notes forming part of the Financial Statements for the year ended March 31, 2023

Note -3: Provisions

Particulars	As at 31 March 2023 Amount (Rs.)	As at 31 March 2022 Amount (Rs.)
i) Provision for Tax penalty	18,94,710	-
ii) Provision for Audit fees	4,00,000	-
Total	22,94,710	-

Note -4: Other current liabilities

Particulars	As at 31 March 2023 Amount (Rs.)	As at 31 March 2022 Amount (Rs.)
i) Statutory liabilities	2,200	57,000
ii) Other current liabilities	4,513	-
Total	6,713	57,000

Note -5: Cash and Bank balances

Particulars	As at 31 March 2023 Amount (Rs.)	As at 31 March 2022 Amount (Rs.)
i) Cash in hand	-	-
ii) Balance in bank accounts	63,32,055	6,21,41,308
iii) Balance in FCRA Account	3,75,73,625	
iv) Term deposits (Refer note below)	4,04,706	4,04,705
Total	4,43,10,386	6,25,46,013

Note:

Term deposit has been maintained with M/s. Kotak Mahindra Bank towards corporate credit cards issued to select management staff.

Note -6: Loans and advances

Particulars	As at 31 March 2023 Amount (Rs.)	As at 31 March 2022 Amount (Rs.)
i) TDS recoverable	14,49,065	14,49,076
ii) Rent deposits	6,00,000	6,00,000
iii) Staff advances	1,04,035	22,000
iv) Other advances	1,37,703	11,099
v) Advance paid under protest (refer note 11('c'))	18,94,710	
Total	41,85,513	20,82,175

Note -7: Other Advances

Particulars	As at 31 March 2023 Amount (Rs.)	As at 31 March 2022 Amount (Rs.)
i) To be recoverable from the ex-employee(refer note (a) below)	14,63,998	14,63,998
Total	14,63,998	14,63,998

(a) Advance recoverable suspense represent amounts suspected to have been misappropriated by one of its employees who was in charge of finance and accounting function during the FYs 2013-14 and 2014-15. The Society is confident of recovering the entire amount in view of the legal proceedings initiated against the party (Refer note 10(a)). Accordingly, the entire advance is considered as good and recoverable.



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The Centre for Internet & Society

Notes forming part of the Financial Statements for the year ended March 31, 2023

Note-10: Background and Operations of CIS

The CIS is registered as a society under the Karnataka Societies Registration Act, 1960 w.e.f. 04 July 2008. It has also been granted the status of "Charitable Trust" w.e.f. 05 February 2010 under section 12A of the Income Tax Act, 1961. Along with that, it has also obtained registration under the Foreign Contribution (Regulation) Act, 2010 and the nature of its activities are described as Cultural, Educational and Social.

The primary aim and object of the Centre for Internet and Society (CIS) is to educate the general Indian public and spread awareness about the developments in the field of Internet. It further aims to promote the usage of the Internet and conduct research in the same field.

Note-11: Other explanatory notes

(a) Advance recoverable suspense

During the financial year 2014-15, the Society had identified misappropriation of funds alleged to have been committed by an employee in charge of finance and accounts function at the Society. The employment contract with this individual has been terminated in 2015. Further the Board had also conducted a forensic investigation of the financial irregularities with the assistance of external consultants M/s. Deloitte Touche Tohmatsu India LLP.

The Society had, during the year 2014-15, initiated criminal proceedings against the ex-employee alleged of the misappropriation and the proceedings are in progress. Meanwhile, the Society had initiated civil recovery procedures during the financial year 2018-19 in connection with the alleged misappropriation. The Society is confident of recovering the entire amount of alleged misappropriation and accordingly 'Advance Recoverable Suspense' of Rs. 14,63,998/- is considered good and recoverable.

The management of the Society believes that identified / required adjustments and disclosures arising from the financial irregularities pertaining to the above, to the extent of the information available with the management, had been made in financial statements of financial year 2014-15. Based on the information available with the society, no adjustment is required to be made in the financial statements for the year ended 31 March 2023.



(b) Income tax

The Society is currently registered under section 12A of the Income Tax Act, 1961 with Director of Income tax (exemptions) vide registration no .DIT(E)BLR/12A/C-713/AAABC0380R/ ITO(E)-Vol 2009-2010 dated 25 February 2010 w.e.f. 05 February 2010 and this registration was renewed, a new Certificate was issued by the ITO, with Unique Registration Number AAABC0380RE20173, dated 29.09.2021 by name FORM NO.10AC,Order for registration, which is now valid from AY 2022-23 up to AY 2026-27. This newly issued registration makes the Society eligible for tax exemption on total income subject to compliance with Specific provisions of the Indian Income tax, 1961.

(c) Advance paid against protest

The Society had received a demand notice on 7 April 2021 from the Income Tax Department amounting to Rs.19,86,148 for AY 2018-19. The Society has disputed with the demand raised and has appealed to the Income Tax Department on 3 May 2021.Further, based on the advice received from the consultants, the Society has paid a Tax Penalty of Rs 18,94,710 on 10-06-2022.As the appeal made to the Income Tax Department is not yet settled and Further, the society is confident of winning the appeal and accordingly the said amount was recognised as an advance paid against protest and also correspondingly recognised a provision for Tax penalty.

Note -12: Significant accounting policies

(a) Basis for preparation of financial statements

The Financial Statements of the Society, consisting of Balance Sheet, Receipts & Payments Account and Income & Expenditure Account, are prepared by the Society under historical cost convention, on cash basis of accounting. In the absence of any authoritatively established accounting principles for the specialised aspects related to Societies which do not carry out any commercial activity, the statements have been prepared in accordance with the significant accounting policies as described below.

(b) Property, plant and equipment

Property, plant and equipment purchased towards specific projects are accounted based on fund accounting system and are stated at cost. The purchases are recorded as utilisation in the respective fund. Further depreciation is accounted on the revalued amount.



(c) Donations and grants

Donations and grants received are recognised as income on receipt of such donation. Donations made with a specific direction that they shall form part of the corpus of the Trust are classified as corpus donations and are directly accounted as society fund receipts in the Balance Sheet.

Grants received from donors which are earmarked with specific budget (specific grants) are accounted based on fund accounting system. The receipts and payments pertaining to the specific fund is accounted in the fund account and the unutilized amount is shown as a liability. Salary cost is allocated to the specific project based on the time spent on specific project estimated on reasonable basis in line with the budget agreed with the donors. Administration and other common expenses are apportioned to the projects to the extent allowable as per the MOU's agreed with the donors.

Unspent amount, if any, at the end of the project period will be returned to the donors if so required by the MOU agreed with the donors, or adjusted against Reserves in the absence of instructions from the donors to the contrary.

(d) Reimbursement of expenses

Expenses incurred by the Society which are reimbursed by the donors, are recognized as expenses on actual payment. The reimbursement received from the donors is recognized as income on actual receipt of the amount. Any amount reimbursed in excess of the actual expenses incurred is considered as income and recognized accordingly in the Income & Expenditure account.

