Independent Auditor’s Report

To the Governing Council of Child Fund (India)

Report on the Financial Statements

We have audited the accompanying financial statements of Child Fund (India) (“the Society”), which comprise the Balance Sheet as at March 31, 2013, the Income and Expenditure Account and the Receipts and Payments Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

The Society’s Management 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 Society in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, to the extent applicable to a Not-for-Profit Organisation. 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.

Auditor’s Responsibility

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.

An 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 Society’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 policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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 Society as at March 31, 2013;
(b) in the case of the Statement of Income and Expenditure, of the excess of income over expenditure of the Society for the year ended on that date.
(c) in the case of the Receipts and Payments Account Statement, of the receipts and payments of the Society for the year ended on that date.

for A. K. Sabat & Co.
Chartered Accountants
Firm’s Registration Number: 321012E

Pradipta Kishore Mahapatra
Partner
Membership Number: 52993

New Delhi
5 September 2013

Mahapatra House, Jhunjunwala Garden, Ashok Nagar, Bhubaneswar - 751009
Ph: 9437035042, E-mail: peekeyem@gmail.com
### Sources of Funds

**Reserves and Surplus**
- **Foreign Contribution General Reserve:**
  - As per last balance sheet: 1,208,949
- **Income and Expenditure Account:**
  - Excess of income over expenditure of the year transferred: 3,960,941
- **Non-Foreign General Reserve:**
  - As per last balance sheet: 9,371,174
  - Add: Excess of income over expenditure of the year transferred: 4,240,974
- **Development Fund:**
  - 5,000,000
- **Corpus Fund - As per last balance sheet:**
  - 439,037

**Total:** 24,221,075

### Application of Funds

**Fixed Assets**
- **Gross Block:**
  - 10,462,773
- **Less: Depreciation:**
  - 3,914,775
- **Net Block:**
  - 6,547,998

**Current Assets, Loans and Advances**
- **Cash and Bank Balances:**
  - Cash in hand: 52,268
  - Fixed Deposits with Scheduled Bank: 20,725,711
  - Cash with Scheduled Banks: 81,849,366
  - 102,627,345
- **Grant Receivable**
  - Foreign: 229,813
  - Non-Foreign: 2,322,808
  - 2,552,621

**Security Deposits:**
- 171,160

**Income Tax Deducted at Source:**
- 2,857

**Advances:**
- 366,849

**Total:** 105,720,632

**Current Liabilities and Provisions**
- **Project Fund to be spent towards:**
  - **Foreign Contribution:**
    - 79,197,824
  - **Non-Foreign Contribution:**
    - 1,277,908
    - 80,475,732
  - **Other Liabilities and Provisions:**
    - 7,571,823

**Total:** 88,047,555

**Net Current Assets**
- **Total:** 17,673,077

**Total:** 24,221,075

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**Significant Accounting Policies and Notes to the Accounts**

The Schedules referred to above form an integral part of the Balance Sheet. In terms of our report of even date.

For A. K. Sabat & Co.,
Chartered Accountants

P.K. Mohapatra
Pradip Kishore Mahapatra
Partner
New Delhi, 5 September 2013

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For Child Fund (India)
Dola Mohapatra
President
S Philip Lewis
Treasurer
Child Fund (India)
B-105, 1st Floor, Greater Kailash - I, New Delhi - 110 048

Income and Expenditure Account for the year ended 31 March, 2013

<table>
<thead>
<tr>
<th>Schedule</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Utilisation during the year recognised as income out of Project Fund</strong></td>
<td></td>
</tr>
<tr>
<td>Foreign Contribution Fund</td>
<td>139,706,758</td>
</tr>
<tr>
<td>Non-Foreign Contribution Fund</td>
<td>52,130,364</td>
</tr>
<tr>
<td><strong>Total Income from above sources</strong></td>
<td>191,837,142</td>
</tr>
<tr>
<td><strong>Other Foreign Contribution:</strong></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>3,925,771</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>35,170</td>
</tr>
<tr>
<td><strong>Total Other Foreign Contribution</strong></td>
<td>3,960,941</td>
</tr>
<tr>
<td><strong>Other Non-Foreign receipts:</strong></td>
<td></td>
</tr>
<tr>
<td>Management Cost Recovered</td>
<td>7,985,602</td>
</tr>
<tr>
<td>Interest</td>
<td>1,125,895</td>
</tr>
<tr>
<td>Donation</td>
<td>144,630</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>17,100</td>
</tr>
<tr>
<td><strong>Total Other Non-Foreign Receipts</strong></td>
<td>9,273,227</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>205,071,310</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Schedule</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditure</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Utilisation of Restricted Grants of:</strong></td>
<td></td>
</tr>
<tr>
<td>Foreign Contribution Fund</td>
<td>139,706,758</td>
</tr>
<tr>
<td>Non-Foreign Contribution Fund</td>
<td>52,130,364</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td>191,837,142</td>
</tr>
<tr>
<td><strong>Other out of Non-Foreign Receipts:</strong></td>
<td></td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>32,253</td>
</tr>
<tr>
<td><strong>Total Other out of Non-Foreign Receipts</strong></td>
<td>32,253</td>
</tr>
<tr>
<td><strong>Excess of income over expenditure transferred to Development Fund</strong></td>
<td>5,000,000</td>
</tr>
<tr>
<td><strong>Excess of income over expenditure transferred to General Reserve of:</strong></td>
<td></td>
</tr>
<tr>
<td>Foreign Contribution Fund</td>
<td>3,960,941</td>
</tr>
<tr>
<td>Non-Foreign Contribution Fund</td>
<td>4,240,674</td>
</tr>
<tr>
<td><strong>Total Excess of income over expenditure transferred to General Reserve of</strong></td>
<td>8,201,615</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td>205,071,310</td>
</tr>
</tbody>
</table>

**Significant Accounting Policies and Notes to the Accounts**

The Schedules referred to above form an integral part of the Income and Expenditure Account.

In terms of our report of even date
For A. K. Sabat & Co.
Chartered Accountants

P.K. Mahapatra
Pradip Kishore Mahapatra
Partner
New Delhi, 5 September 2013

For Child Fund (India)
Dala Mahapatra
President
S Philip Lewis
Treasurer
Child Fund (India)
B-105, 1st Floor, Greater Kailash - I, New Delhi - 110 048

Receipts and Payments Account for the year ended 31 March, 2013

Receipts

<table>
<thead>
<tr>
<th>Schedule</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Opening Balance:</strong></td>
<td></td>
</tr>
<tr>
<td>Cash in hand</td>
<td>105,073</td>
</tr>
<tr>
<td>Cash with Scheduled Banks</td>
<td>90,989,002</td>
</tr>
<tr>
<td><strong>Grants:</strong></td>
<td>91,066,075</td>
</tr>
<tr>
<td>Foreign Contribution</td>
<td>154,921,514</td>
</tr>
<tr>
<td>Non-Foreign Receipts</td>
<td>36,177,319</td>
</tr>
<tr>
<td><strong>Other Foreign Contribution:</strong></td>
<td>191,068,827</td>
</tr>
<tr>
<td>Interest</td>
<td>3,925,771</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>35,170</td>
</tr>
<tr>
<td><strong>Other Non-Foreign Receipts:</strong></td>
<td>3,960,941</td>
</tr>
<tr>
<td>Management Cost Recovered</td>
<td>7,985,602</td>
</tr>
<tr>
<td>Interest</td>
<td>1,125,865</td>
</tr>
<tr>
<td>Donation</td>
<td>144,030</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>17,100</td>
</tr>
<tr>
<td><strong>Receivable</strong></td>
<td>9,273,227</td>
</tr>
<tr>
<td>Advances</td>
<td>836,720</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,312,017</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>230,607,807</td>
</tr>
</tbody>
</table>

Payments

<table>
<thead>
<tr>
<th>Schedule</th>
<th>Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Utilisation of Grants out of:</strong></td>
<td></td>
</tr>
<tr>
<td>Foreign Contribution</td>
<td>138,156,636</td>
</tr>
<tr>
<td>Non-Foreign Receipts</td>
<td>52,130,384</td>
</tr>
<tr>
<td>Fixed Assets out of Foreign Contribution</td>
<td>190,286,020</td>
</tr>
<tr>
<td><strong>Other payments out of Non-Foreign Receipts:</strong></td>
<td>2,535,258</td>
</tr>
<tr>
<td>General Fund's Administrative Expenses</td>
<td>32,253</td>
</tr>
<tr>
<td>Security Deposits</td>
<td>136,160</td>
</tr>
<tr>
<td>Income Tax Deducted at Source</td>
<td>2,857</td>
</tr>
<tr>
<td>Current Liabilities and Provisions</td>
<td>2,967,914</td>
</tr>
<tr>
<td><strong>Closing Balance:</strong></td>
<td></td>
</tr>
<tr>
<td>Cash in hand</td>
<td>52,268</td>
</tr>
<tr>
<td>Fixed Deposits with Scheduled Bank</td>
<td>20,725,711</td>
</tr>
<tr>
<td>Cash with Scheduled Banks</td>
<td>81,849,366</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>102,627,345</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>298,607,807</td>
</tr>
</tbody>
</table>

Significant Accounting Policies and Notes to the Accounts
The Schedules referred to above form an integral part of the Receipts and Payments Account
in terms of our report of even date
For A. K. Sabat & Co.
Chartered Accountants

Pradipta Kishore Mahapatra
Partner
New Delhi, 5 September 2013

For Child Fund (India)
Dipa Mahapatra
President
S Philip Lewis
Treasurer
Child Fund (India)
B-105, 1st Floor, Greater Kailash - I, New Delhi - 110 048

Schedules to the Accounts, 2012-13

4. Significant Accounting Policies and Notes to the Accounts

(A) Significant Accounting Policies

1. Basis of Accounting
   The Financial Statements are prepared under the historical cost convention on accrual basis.

2. Fixed Assets and Depreciation
   a. Assets acquired out of sponsorship program fund and own fund are depreciated at the following rates based on estimated life of the assets as per the decision of the Governing Council:
      i. Computers 33.30 %
      ii. Office Equipment 20.00 %
      iii. Motor Vehicles 20.00 %
      iv. Furniture & furnishings 15.00 %
      v. Structure – Building 10.00 %
   b. Assets acquired out of grants required to be charged off to expenses as per grant agreements, are not capitalized.

4. Stock Valuation
   All materials purchased are treated as utilisation of fund.

5. Revenue Recognition
   a. In consonance with the Covenants (Grant Agreements with the Donors), the Grants are recognized as income to the extent they are utilized in the respective year/s.
   b. The balance of unutilized Grants - which in terms of the Grant Agreements, are specifically restricted / agreed to belong to the Donor/s are carried forward in the respective Donor/s accounts as Donor/s Funds to be utilized in the subsequent years.
   c. The income earned on funds, assets relating to the Donor/s or in course of executing its programme; are treated as part of the Grant/s, in terms of the Donor/s Agreements.

6. Foreign Exchange Transaction
   Foreign Currency transactions, if any, are accounted at the exchange rate prevailing on the date of transaction.

7. Prior Period and Extra Ordinary Items
   Identifiable and material items of income and expenses pertaining to prior period and / or extraordinary items are disclosed separately.

8. Provision, Contingent Liabilities and Contingent Asset
   Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

9. Employee Benefits
   The accounting policy followed by the organisation in respect of its employee benefit schemes is set out below:

[Signatures and stamp]

Continued...
Child Fund (India)
B-105, 1st Floor, Greater Kailash - I, New Delhi - 110 048

Schedules to the Accounts, 2012-13

4. Significant Accounting Policies and Notes to the Accounts ... Continued

Provident Fund
All eligible employees receive benefit from provident fund, which is a defined contribution plan. Both the employee and ChildFund India make monthly contribution to the fund, which is equal to a specified percentage of the covered employee’s basic salary. ChildFund India has no further obligations under this plan beyond its monthly contributions. Monthly contributions made by ChildFund India are charged to income and expenditure account.

Gratuity
ChildFund India provides gratuity, a defined benefit retirement plan, to its eligible employees. In accordance with the Payment of Gratuity Act, 1972, the gratuity plan provides a lump sum payment to the eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee’s basic salary and tenure of employment with ChildFund India. The gratuity liability is accrued based on calculations performed by ChildFund India and the amount deposited in the LIC Gratuity Fund is debited to the Income and Expenditure Account.

Medical Insurance
All eligible employees are subscribed to a group medi-claim policy.

(B) Notes to the Accounts

1. Contingent Liability: A case in the Labour Court has been filed by one of the ex-employees claiming various dues to her including promotion and adequate provision have been made in these accounts. The Society is contingently liable for any additional amount that may be adjudicated by the Court.

2. Provision for Taxation: The Society being an institution for charitable purpose under the provisions of the Income-tax Act, 1961 and accordingly having registered itself under Section 12A of the said Act and having complied with the provision of sec. 11 to 13 of it, its income is exempt under Section 11 of the Act and hence no provision for Income- tax is necessary.

3. Programs implemented through other partner NGOs are treated as sub-grants and are charged off to expense/s under the head/s of account/s it is meant to be spent at the time of disbursement. Conversely, unspent balance received from partner NGOs at the closure of the program is treated as income in the year of its receipt, under the head/s of account/s reported unspent.

4. Donations/ grants to the extent actually received are treated as income.

5. The "Receipt and Payment Account" factually is a "Cash Flow Statement" since it is not reflecting a mere summary of cash receipts and payments alone and includes cash equivalents also.

6. Previous year’s figures have been rearranged to conform with the revised presentation.

In terms of our report of even date
For A. K. Sabat & Co.
Chartered Accountants

Pradipak Kishore Mahapatra
Partner
New Delhi, 5 September 2013

For Child Fund (India)
Dola Mohapatra
President
S. Philip Lewis
Treasurer