AUDITORS' REPORT

To The members of CHILDFUND INTERNATIONAL USA – INDIA OFFICE

Report on the Financial Statements

We have audited the attached Balance Sheet of CHILDFUND INTERNATIONAL USA – INDIA OFFICE ('the Company') which comprise the Balance Sheet as at March 31, 2014, and the Statement of Income & Expenditure account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). 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 Company'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 the information required by the Act 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 Company as at March 31, 2014;

(b) in the case of the Income and Expenditure Account, of the excess of income over expenditure for the year ended on that date; and

(c) In case of Receipts and Payments Account of the transactions relating to Receipts and Payments for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books

   c) the Balance Sheet, Statement of Income and Expenditure and Receipts and Payments Account dealt with by this Report are in agreement with the books of account.

   d) in our opinion, the Balance Sheet, Statement of Income and Expenditure and Receipts and Payments Account comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

   e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Kuppa & Associates
Chartered Accountants
Firm Reg. No. 009092S
Kuppa Narasimha Setty
Proprietor
Membership No. 209347

Bangalore,
Date: 25th September 2014
Annexure to the Auditors report of even date to the Members of
CHILD FUND INTERNATIONAL USA – INDIA OFFICE

(i) (a) The company has maintained proper records showing full particulars, including
quantitative details and the situation of its fixed assets.

(b) As explained to us, fixed assets have been physically verified by the management
at reasonable intervals; no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us, no
fixed asset has been disposed during the year and therefore does not affect the going
concern assumption.

(ii) ChildFund International USA – India Office is engaged in supporting locally led
initiatives that strengthen families and communities, helping them break the cycle of
poverty and protect the rights of their children. Accordingly, it does not hold any
physical inventory. Thus, paragraph 4 (ii) of the Order is not applicable.

(iii) According to the information and explanations given to us, we are of the opinion that
ChildFund International USA – India Office is not required to maintain the register
required under Section 301 of the Companies Act, 1956 (“the Act”). Accordingly,
paragraph 4(iii) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is
adequate internal control procedure commensurate with the size of the company and
the nature of its business with regard to purchase of fixed assets. The activities of the
Company do not involve purchase of inventory and the sale of goods. During the
course of our audit, we have not observed any major weaknesses in internal control
system.

(v) As mentioned in paragraph (iii) above, ChildFund International USA – India Office is
not required to maintain the register under Section 301 of the Act. Accordingly,
paragraph 4 (v) of the Order is not applicable to ChildFund International USA – India
Office.

(vi) The company has not accepted any deposits from the public, hence the provisions of
section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the
Companies (Acceptance of Deposits) Rules, 1975 are not applicable.

(vii) The company is having an internal audit system commensurate with the size and
nature of its business.

(viii) The Central government has prescribed maintenance of cost records under Section
209 (1) (d) of the companies Act, 1956 in respect of certain manufacturing activities
of the company. However, the provisions of the above mentioned section is not
applicable to this company as it does not fall within the list of prescribed companies,
under section 209 (1) (d) of the Companies Act 1956.
(ix) According to the records, information and explanations given to us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provided fund, investor education protection fund, employees' state insurance income-tax, sales tax, wealth-tax, service tax, customs duty, excise duty, cess and other materials statutory dues applicable to it and no undisputed amounts payable were outstanding as at 31st March 2014 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us, there are no disputed statutory dues as at 31st March 2014.

(x) The Company neither has accumulated losses at the end of the financial year nor has incurred cash losses during the year and in the immediately year preceding financial year.

(xi) According to the information and explanations given to us, the company has not defaulted in repayment of its dues to any financial institutions, bank or debenture holders.

(xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the company.

(xiv) In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments.

(xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

(xvi) On the basis of review of utilization of funds on an overall basis, in our opinion, the company has not raised any funds from the financial institutions.

(xvii) On the basis of overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment, and vice versa.

(xviii) As mentioned in paragraph (iii) above, ChildFund International USA – India Office is not required to maintain the register under Section 301 of the Act. Accordingly, paragraph (xviii) of the Order is not applicable.

(xix) The company has not issued any debentures and hence creation of security does not arise.

(xx) The company has not raised any money by public issues during the year and hence the disclosure on end use does not arise.
During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For KUPPA & ASSOCIATES
Chartered Accountants
Firm Regn. No. 9092S

KUPPA NARASIMHA SETTY
Proprietor
Membership No. 209347

Bangalore,
25th September 2014
ChildFund International USA - India Office  
(formerly known as Christian Children's Fund Inc., National Office India)  
Balance sheet as at 31st March 2014

<table>
<thead>
<tr>
<th>I. EQUITY AND LIABILITIES</th>
<th>31 March 2014</th>
<th>31 March 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Shareholder's Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share Capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserves and Surplus:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working fund</td>
<td>22,175,345</td>
<td>9,474,208</td>
</tr>
<tr>
<td>(2) Non-Current Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term borrowings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Tax Liability (Asset)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term provisions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Current Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsorship Funds - Designated</td>
<td>2,132,928</td>
<td>319,926</td>
</tr>
<tr>
<td>Funds for Udaan Project</td>
<td>2,198,366</td>
<td></td>
</tr>
<tr>
<td>Sponsorship Funds - Projects</td>
<td>3,832,214</td>
<td>914,996</td>
</tr>
<tr>
<td>Partnership Effective Fund</td>
<td></td>
<td>4,470,752</td>
</tr>
<tr>
<td>Grants for Vidya Project</td>
<td>10,168,750</td>
<td></td>
</tr>
<tr>
<td>Other Current liabilities</td>
<td>1,071,516</td>
<td>1,595,920</td>
</tr>
<tr>
<td>Other Provisions</td>
<td>497,789</td>
<td>429,748</td>
</tr>
<tr>
<td>----------------------------</td>
<td>---------------</td>
<td>---------------</td>
</tr>
<tr>
<td></td>
<td>42,076,908</td>
<td>17,205,549</td>
</tr>
</tbody>
</table>

II. Assets

| Non-current assets         |               |               |
| Fixed assets               |               |               |
| Tangible assets            | 15,960,506    | 8,834,327     |
| Intangible assets          |               |               |
| Current assets             |               |               |
| Cash and cash equivalents  | 23,132,998    | 4,378,023     |
| Other current assets       | 2,983,404     | 3,993,199     |
| Summary of significant accounting policies | 26,116,402 | 8,371,222 |
| Branch / Divisions         |               |               |

The accompanying notes are integral part of the financial statements

for ChildFund International USA - India Office

[Signature]

Neelam Makhijani  
National Director

Place: Bangalore  
Date: 25th September 2014

As per our attached report of even date

for Kuppa & Associates  
Chartered Accountants  
Firm Registration No.: 9092S

Kuppa Narasimha Setty  
Proprietor  
Membership No.: 209347
## ChildFund International USA - India Office
(formerly known as Christian Children’s Fund Inc., National Office India)

### Statement of Income and Expenditure account

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Notes</th>
<th>31 March 2014</th>
<th>31 March 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funds from International Office</td>
<td>14</td>
<td>91,579,088</td>
<td>77,399,648</td>
</tr>
<tr>
<td>Prior Period Items</td>
<td>7</td>
<td>4,470,752</td>
<td>-</td>
</tr>
<tr>
<td>Expenses paid by International Office</td>
<td></td>
<td>7,275,732</td>
<td>5,693,869</td>
</tr>
<tr>
<td>Refund from Projects</td>
<td></td>
<td>198,584</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td></td>
<td>456</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td></td>
<td>103,524,613</td>
<td>83,093,517</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee benefit expense</td>
<td>15</td>
<td>41,382,029</td>
<td>32,625,069</td>
</tr>
<tr>
<td>Project expenditure</td>
<td>16</td>
<td>7,237,211</td>
<td>10,258,705</td>
</tr>
<tr>
<td>Other expenses</td>
<td>17</td>
<td>34,080,856</td>
<td>33,180,048</td>
</tr>
<tr>
<td>Expenses paid on behalf of the International Office</td>
<td>18</td>
<td>6,807,022</td>
<td>3,544,395</td>
</tr>
<tr>
<td>Depreciation and amortization expense</td>
<td>13</td>
<td>1,316,359</td>
<td>975,666</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td></td>
<td>90,823,476</td>
<td>80,583,883</td>
</tr>
<tr>
<td><strong>Excess of (Expenditure over Income)/ Income over Expenditure</strong></td>
<td></td>
<td>12,701,137</td>
<td>2,509,634</td>
</tr>
<tr>
<td><strong>Tax expense:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current tax expenses for current year</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Current tax expenses for Previous year</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Excess of (Expenditure over Income)/ Income over Expenditure transferred to working fund</strong></td>
<td></td>
<td>12,701,137</td>
<td>2,509,634</td>
</tr>
</tbody>
</table>

### Summary of significant accounting policies

2.1

The accompanying notes are integral part of the financial statements.

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**for ChildFund International USA - India Office**

Neelam Makhijani  
National Director

Place: Bangalore  
Date: 25th September 2014

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**As per our attached report of even date**

**for Kuppa & Associates**

Chartered Accountants  
Firm Registration No.: 9092S

Kuppa Narasimha Setty  
Proprietor  
Membership No.: 209347
## ChildFund International USA - India Office
(formerly known as Christian Children's Fund Inc., National Office India)

Receipts and payments account for the year ended March 31, 2014

<table>
<thead>
<tr>
<th>Notes</th>
<th>Amount in Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 March 2014</td>
<td>31 March 2013</td>
</tr>
</tbody>
</table>

### Opening balance

- Cash in hand: 19,488
- Cash balance with schedule bank, in current account: 4,358,535

### Add: Receipts

- Funds from International Office: 91,579,088
- Grants received for Vidyas Project: 19,339,072
- Sponsorship Funds - Designated: 90,672,528
- Sponsorship Funds - Projects: 437,050,931
- Funds for Udana Project: 4,048,255
- Expenses paid by International Office: 7,275,732
- Refund from Projects: 198,584
- Partnership Effective Fund: 456

Miscellaneous Income: 641,164,666

### Less: Payments

- Fixed assets: 8,442,537
- Employee benefit expense: 41,382,029
- Project expenditure: 7,237,211
- Other expenses: 34,080,856
- Expenses paid on behalf of the International Office: 6,807,022
- Grants utilised for Vidyas Project: 170,322
- Funds utilised for Udana Project: 1,849,889
- Sponsorship Funds utilised - Designated: 88,859,526
- Sponsorship Funds utilised - Projects: 434,133,733
- Changes in current liabilities and provisions: 456,363
- Changes in loans and advances: (1,009,795)

Total payments: 622,409,692

### Closing balance

- Represented by: 23,132,998
- Cash in hand: 52,363
- Cash balance with schedule bank, in current account: 23,080,635

Total closing balance: 23,132,998

### Summary of significant accounting policies

- The accompanying notes are integral part of the financial statements.

**for ChildFund International USA - India Office**

[Signature]

Neelam Makhijani
National Director

Place: Bangalore
Date: 25th September 2014

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As per our attached report of even date

**for Kuppa & Associates**
Chartered Accountants
Firm Registration No.: 90928
Kuppa Narasimha Setty
Proprietor
Membership No.: 209347