

Walker Chandiook & Co LLP

Independent Auditor's Report

To the Members of Child Fund India

Report on the Financial Statements

Walker Chandiook & Co LLP
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India

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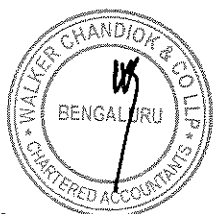
1. We have audited the accompanying financial statements of Child Fund India, (the "Society"), which comprise the Balance Sheet as at 31 March 2017, the Income and Expenditure Account and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. 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 of the Society in accordance with the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by the Institute of Chartered Accountants of India; safeguarding the assets of the Society; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the accounting and auditing standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountant 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.



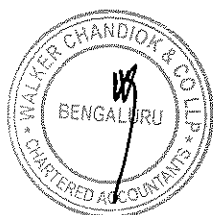
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Society's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Society has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Society's management, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Society as at 31 March 2017 and its surplus for the year ended on that date.

Other Matters

9. The financial statements of the Society as at and for the year ended 31 March 2016 were audited by the Society's previous auditors Simon Rodrigues & Associates, Chartered Accountants, whose report dated 20 September 2016, expressed an unqualified opinion on those financial statements. The balance as at 31 March 2016 as per the audited financial statements, regrouped and/or reclassified wherever necessary, have been considered as opening balances for the purpose of these financial statements.
10. We report that:
 - a. we have sought and 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 Society so far as it appears from our examination of those books;
 - c. the financial statements dealt with by this report are in agreement with the books of account and;



Walker Chandiook & Co LLP

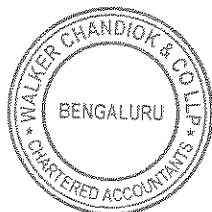
- d. in our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statement give a true and fair view in conformity with the accounting principles generally accepted in India in case of the;
- i) Balance Sheet, of the state of affairs of the Society as at 31 March 2017 and
- ii) Income and Expenditure Account, of the surplus for the year ended on that date.

Walker Chandiook & Co LLP
For Walker Chandiook & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013

Vijay V Singh

Per **Vijay Vikram Singh**
Partner
Membership No.: 059139

Bengaluru
11 September 2017



Financial statements and Independent auditor's report

Child Fund India

31 March 2017

Child Fund India
Balance Sheet as at 31 March 2017
 (All amounts in ₹, unless other wise stated)

	Note	As at 31 March 2017	As at 31 March 2016
Sources of funds			
Unrestricted funds			
Corpus fund	1	439,037	439,037
General fund	2	62,022,376	50,243,231
Restricted funds			
Project fund	3	145,339,416	122,026,115
Development fund	4	5,000,000	5,000,000
Current liabilities and provisions			
Current liabilities	5	10,275,303	15,425,659
Provisions	6	649,311	-
Total		223,725,443	193,134,042
Applications of funds			
Fixed assets	7	6,617,904	8,306,992
		6,617,904	8,306,992
Current assets			
Cash and bank balances	8	209,602,139	182,011,829
Loans, advances and deposit	9	7,505,400	2,815,221
		217,107,539	184,827,050
Total		223,725,443	193,134,042

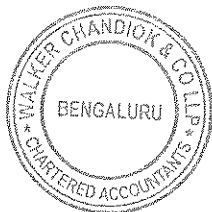
Summary of significant accounting policies and other explanatory information 1-16
 The accompanying notes are an integral part of the financial statements.

This is the Balance sheet referred to in our report issued in Form No 10B of the Income Tax Rules, 1962 of even date.

Walker Chandioik & Co LLP
 For Walker Chandioik & Co LLP
 Chartered Accountants

Vijay V Singh
 per Vijay Vikram Singh
 Partner

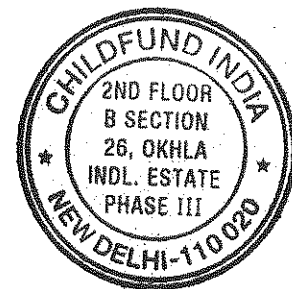
Bengaluru
 11 September 2017



For and on behalf of Child Fund India

Neelam Makhijani
S. Philip Lewis
 Ms. Neelam Makhijani Dr. Philip Lewis
 CEO President

New Delhi New Delhi
 11 September 2017 11 September 2017



Child Fund India

Income and Expenditure Account for the year ended 31 March 2017

(All amounts in ₹, unless otherwise stated)

	Note	Year ended 31 March 2017	Year ended 31 March 2016
Income			
Grants and donations		210,735,300	222,998,934
Other income	10	14,454,585	9,433,457
Total		225,189,885	232,432,391
Expenditure			
Grant expenses	14	72,914,168	35,812,070
Other grant expenses			
Relief of the poor- children	14	102,256,510	143,454,418
Relief of the poor- designated fund for children	14	18,109,539	25,880,499
Employee benefit expenses	11	13,133,911	12,110,663
Administrative expenses	12	6,586,492	5,235,176
		213,000,620	222,492,826
Depreciation during the year	7	1,812,439	2,308,882
Total		214,813,059	224,801,707
Excess of income over expenses before prior period expenses		10,376,826	7,630,684
Prior period income (net)	13	1,402,319	-
Excess of income over expenses transferred to general fund		11,779,145	7,630,684

Summary of significant accounting policies and other explanatory information

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

This is the Income and Expenditure Account referred to in our report issued in Form No 10B of the Income Tax Rules, 1962 of even date.

Walker Chandlok & Co LLP

For Walker Chandlok & Co LLP

Chartered Accountants

Vijay V Singh

per Vijay Vikram Singh

Partner

Bengaluru

11 September 2017

For and on behalf of Child Fund India

Ms. Neelam Makhijani
Dr. Phillip Lewis

Ms. Neelam Makhijani
GEO

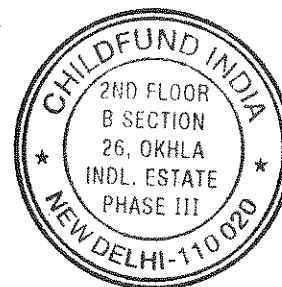
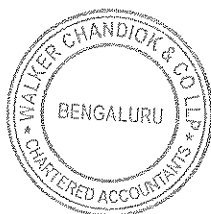
Dr. Phillip Lewis
President

New Delhi

11 September 2017

New Delhi

11 September 2017



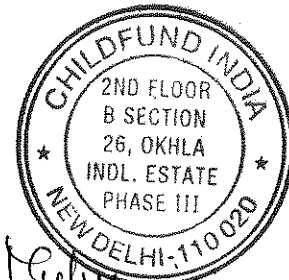
Child Fund India

Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless other wise stated)

	As at 31 March 17	As at 31 March 16
1 Corpus fund		
Balance at beginning and end of the year	<u>439,037</u>	<u>439,037</u>
2 General fund		
Balance at the beginning of the year	50,243,231	42,612,547
Add: Surplus during the year	<u>11,779,145</u>	<u>7,630,684</u>
Balance at end of the year	<u>62,022,376</u>	<u>50,243,231</u>
3 Project fund		
Balance at the beginning of the year	122,026,115	148,431,074
Add: Funds received during the year	236,127,017	211,145,133
Less: Expenditure incurred during the year	<u>(212,813,716)</u>	<u>(237,550,092)</u>
Balance at end of the year	<u>145,339,416</u>	<u>122,026,115</u>
4 Development fund		
Balance at beginning and end of the year	<u>5,000,000</u>	<u>5,000,000</u>

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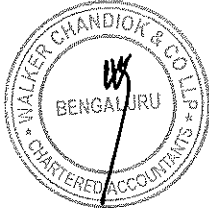


Child Fund India

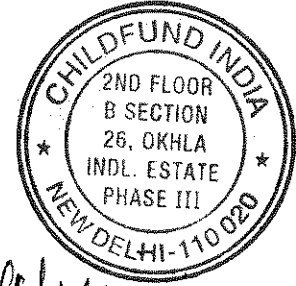
Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless other wise stated)

	As at 31 March 17	As at 31 March 16
5 Current liabilities		
Trade payables	7,713,639	14,255,004
Statutory dues	1,611,548	801,151
Employees payable	419,116	369,504
Expenses payable	531,000	-
	10,275,303	15,425,659
6 Provision		
Provision for compensated absences	649,311	-
	649,311	-
8 Cash and bank balances		
Cash on hand	40,812	45,680
Balances with banks in current/ saving accounts	209,283,707	181,708,688
Deposits with bank in fixed deposits*	277,620	259,461
	209,602,139	182,011,829
*It is given as lien towards corporate credit card		
9 Loans, advances and deposit (Unsecured, considered good)		
TDS receivables	2,065,079	1,119,693
Security deposits	524,465	251,000
Advances and other amounts recoverable in cash or kind or for value to be received	4,915,856	1,444,528
	7,505,400	2,815,221



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Meelan Malhotra

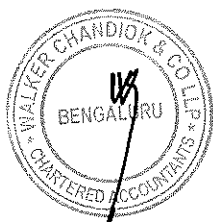
Child Fund India

Summary of significant accounting policies and other explanatory information

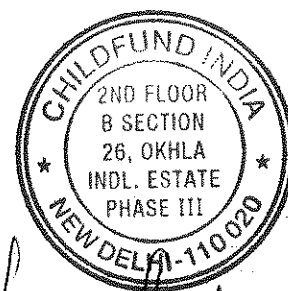
(All amounts in ₹, unless other wise stated)

7 Fixed assets

Particulars	Furnitures and fixtures	Office equipment	Vehicles	Computers	Buildings	Total
Gross block						
Balance as at 1 April 2015	2,539,672	4,284,277	5,934,555	3,993,326	263,470	17,015,300
Additions	180,279	469,594	403,250	638,569	-	1,691,692
Balance as at 31 March 2016	2,719,951	4,753,871	6,337,805	4,631,895	263,470	18,706,992
Additions	-	79,257	-	44,094	-	123,351
Balance as at 31 March 2017	2,719,951	4,833,128	6,337,805	4,675,989	263,470	18,830,343
Accumulated depreciation						
Balance as at 1 April 2016	704,549	1,737,956	3,145,527	2,239,616	263,470	8,091,118
Charge for the year	299,637	602,823	632,443	773,979	-	2,308,882
Balance as at 31 March 2016	1,004,186	2,340,779	3,777,970	3,013,595	263,470	10,400,000
Charge for the year	257,365	496,869	511,967	546,238	-	1,812,439
Balance as at 31 March 2017	1,261,551	2,837,648	4,289,937	3,559,833	263,470	12,212,439
Net block						
As at 31 March 2016	1,715,765	2,413,092	2,559,835	1,618,300	-	8,306,992
As at 31 March 2017	1,458,400	1,995,480	2,047,868	1,116,156	-	6,617,904



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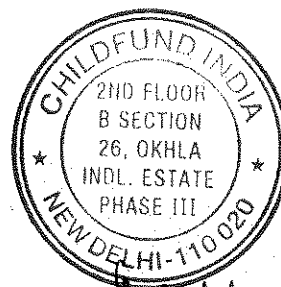
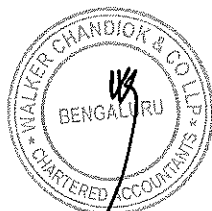
M. Kalam Reddy

Child Fund India

Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless other wise stated)

	Year ended 31 March 2017	Year ended 31 March 2016
10 Other income		
Interest income on :		
Interest from savings bank accounts	2,339,442	3,875,014
Interest from deposit accounts	8,861,799	5,352,515
Liabilities written back	3,243,344	-
Miscellaneous income	10,000	6,800
	14,454,585	9,234,329
11 Employee benefits cost		
Salaries and allowances	11,944,155	11,373,884
Gratuity	388,730	691,268
Leave encashment	649,311	-
Staff welfare expenses	151,715	45,511
	13,133,911	12,110,663
12 Administrative expenses		
Travel	1,495,253	1,299,553
Board meetings and conference expenses	508,076	652,154
Rent	358,125	359,740
Audit fees	531,000	695,750
Membership and subscription	401,150	7,000
Communication expense	202,082	135,556
Website and software renewal	231,039	360,630
Insurance expense	189,789	241,146
Printing & stationery	546,622	172,197
Legal and professional services	1,661,692	1,144,909
Repairs and maintenance	25,970	3,568
Rates and taxes	6,475	17,611
Miscellaneous expenses	429,219	145,362
	6,586,492	5,235,176
13 Prior period income (net)		
Grant income	2,098,069	-
Audit expenses	(695,750)	-
	1,402,319	-



Meelan Chakraborty

Child Fund India

Summary of significant accounting policies and other explanatory information

(All amounts in ₹, unless other wise stated)

14 Project fund

Particulars	Balance as at 1 April 2016	Receipts	Total	Expenses	Balance as at 31 March 2017
Local fund	A (10,063,975)	61,065,655	51,001,680	48,627,845	2,373,835
Foreign fund	B 132,090,090	175,061,362	307,151,452	164,185,871	142,965,581
Total project fund	122,026,115	236,127,017	358,153,132	212,813,716	145,339,416

Local fund - A

Particulars	Balance as at 1 April 2016	Receipts	Total	Expenses	Balance as at 31 March 2017
Link workers scheme- Andhra Pradesh and Telangana	(12,833,818)	54,136,403	41,302,585	42,662,177	(1,359,592)
Samajik suvidha sangam - Govt. of NCT, Delhi	(981,307)	958,500	(22,807)	494,411	(517,218)
Donations	1,945,308	165,800	2,111,108	-	2,111,108
Sustainable nutrition education & health-Copalamba	336,256	2,671,006	3,007,262	1,208,863	1,798,399
Reading improvement program - AVIS	1,224,000	-	1,224,000	1,113,000	111,000
Reading improvement mobile library - Axis Bank	261,922	-	261,922	261,922	-
Early learning & development standards-Ambedkar	(16,336)	458,836	442,500	744,195	(301,695)
Youth skill development program-Flour Daniel	-	780,000	780,000	271,561	508,439
Improving success through academic readiness-Jindal	-	566,280	566,280	397,065	169,215
Oil and Natural Gas Corporation	-	1,328,830	1,328,830	1,474,651	(145,821)
Total (A)	(10,063,975)	61,065,655	51,001,680	48,627,845	2,373,835

Foreign fund- B

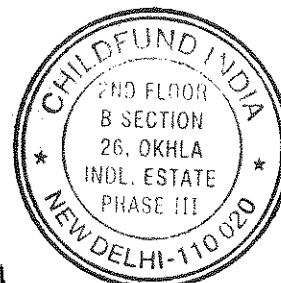
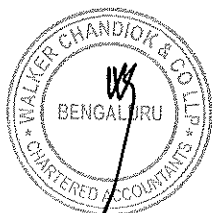
Particulars	Balance as at 1 April 2016	Receipts	Total	Expenses	Balance as at 31 March 2017
Activities	132,229,865	105,692,021	237,921,886	-	116,131,877
Relief of the poor- children	-	-	-	102,256,510	-
Employee expenses	-	-	-	13,133,911	-
Administrative expenses	-	-	-	6,399,588	-
Total (a)	132,229,865	105,692,021	237,921,886	121,790,009	116,131,877

Grant expenses

Women entrepreneurs program-Citi Foundation	-	22,423,711	22,423,711	7,697,687	14,726,024
Reading Improvement -Fullerton	-	1,283,200	1,283,200	978,328	304,872
Brickfield (Mukti)-Germany	-	1,540,431	1,540,431	980,157	560,274
Child trafficking program (BMZ)	(959,456)	8,723,887	7,764,431	4,080,796	3,673,635
Gift of love and hope (GOLAH)	(678,898)	3,758,063	3,079,165	3,793,919	(714,754)
Youth livelihood empowerment programme	-	3,144,942	3,144,942	3,144,942	-
Drought relief response	-	1,975,483	1,975,483	1,975,483	-
Library initiatives	-	241,432	241,432	259,252	(17,820)
Scholarship program-UDAAN	27,038	1,203,911	1,230,949	724,757	506,192
Nutritional- Spirulina tank	764,361	-	764,361	-	764,361
Special program fund	542,275	-	542,275	-	542,275
Partner effective fund	-	6,321,010	6,321,010	-	6,321,010
Community based learning center	-	641,003	641,003	641,003	-
Total (b)	(304,680)	51,257,073	50,952,393	24,286,323	26,666,070

Relief of the poor-designated fund for children (c)

	164,905	18,112,268	18,277,173	18,109,539	167,634
Total B (a+b+c)	132,090,090	175,061,362	307,151,452	164,185,871	142,965,581



Meelan Haldyan

Child Fund India

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ except otherwise stated)

15 Significant accounting policies and other explanatory information

I) Background

- a) The Society is registered under Societies Registration Act, 1860 vide no. S/15160 dated 31 December 1984 under State of Delhi and is also registered under Sec. 12A(a) of the Income Tax Act, 1961. Child Fund India strives to ensure that deprived, excluded and vulnerable children have the capacity to improve their lives and become young adults, parents and leaders who inspire lasting and positive change in their communities. Child Fund India promotes communities whose individuals and institutions participate in valuing, protecting, and advancing the worth and rights of children.

II) Summary of significant accounting policies

a) Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ("Indian GAAP") and in compliance with the accounting standards ("AS") issued by the Institute of Chartered Accountants of India. The accounting policies have been consistently applied by the Society and are consistent with those used in the previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Society to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of liabilities at the date of financial statements and the reported amount of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Society and the revenue can be reliably measured. Fund received specifically towards Child Development among DEV (deprived excluded and vulnerable) category for identified children and their communities is categorized as "Relief of the poor-children" and DFC (designated funds for children).

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. 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.

Grants income

Financial assistance provided by the donors, funding agencies and Government is recognized in the year it was received or when the entitlement for the revenue is established. Most of the government grants and assistance received are recognized as revenue when all of the following conditions have been satisfied:

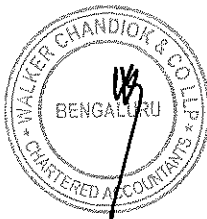
- (i) the Society obtains control of the grant or the right to receive the grant;
- (ii) it is probable that the contribution will flow to the Society; and
- (iii) the amount of the grant can be reliably measured.

The revenue from Grant income is recognized over the periods necessary to match with related costs and only when there is reasonable assurance that the conditions attached to them will be complied and the grants will be received.

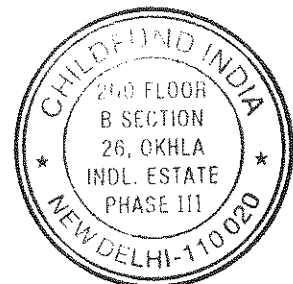
Interest income

Interest income is recognized using time proportion method, based on the rate implicit in the transaction.

- d) Programs implemented through other partner NGO's 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 NGO's 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.



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Teelan Malhotra

Child Fund India

Summary of significant accounting policies and other explanatory information (Cont'd)

(All amounts in ₹ except otherwise stated)

e) Fixed assets and depreciation

Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

a) Assets acquired out of own funds are depreciated at the following rates based on estimated life of the assets as per the decision of the Governing Council:

Depreciation

Depreciation on fixed assets is charged on the Written Down Value (WDV) method, at the following rates:

Particulars	Rate of depreciation %
i) Furnitures and fixtures	15
ii) Office equipment	20
iii) Computers	33
iv) Vehicles	20
v) Building	10

b) Assets acquired out of grants are charged off to income and expenditure statement as per grant agreements, and are not capitalized.

f) Employee benefits

The Accounting policy followed by the organization in respect of its employee benefit scheme is set out below.

Provident fund

The Society makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. This is post employment defined contribution plan and the contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee. The Society has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognised in respect of defined contribution plans are expensed as and when they accrue. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets, respectively, as they are normally of a short term nature.

Gratuity

Child Fund 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 Child Fund India. The amount deposited in the LIC Gratuity is debited to the Income and Expenditure Account.

Compensated absences

Liability in respect of compensated absences becoming due and expected to be availed or encashed is recognised on the basis of value of estimated amount required to be paid or estimated value of benefits expected to be availed by the employees.

Other short-term benefits

Expense in respect of other short term benefits is recognised on the basis of amount paid or payable for the period during which services are rendered by the employees.

g) Corpus fund

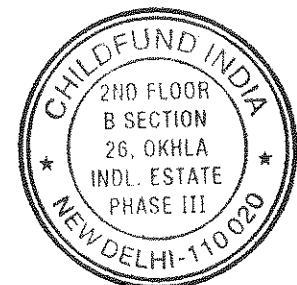
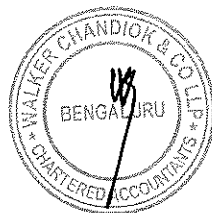
Corpus fund relates to the funds contributed by the founder members at incorporation and donations received with specific directions that they shall form part of the corpus of the Society.

h) General fund:

The Society also receives "General fund" which are unrestricted in nature. The surplus earned during the year, being general purpose in nature is carried forward for use in future periods. In case of deficit, if in any year, this is first adjusted against general fund and remaining is adjusted from the specified fund.

i) Project fund

Project fund are grants received from various funding agencies to carry out specific activities. These are held in trust until used for the purpose specified and deposits / investments are earmarked against them. Revenue from the restricted fund is recognized during the year in the Income and Expenditure Account to match the related expenditure (including capital expenditure). The balance amount is carried forward in the restricted fund for use in future periods.



Neelam Habiyani

Child Fund India

Summary of significant accounting policies and other explanatory information (Cont'd)

(All amounts in ₹ except otherwise stated)

j) Development fund

Development fund relates to funds assigned towards research, financial sustainability, program quality and innovation, meeting fund raising expenditure and doing other development activities.

k) Expenditure

The Society implements and supports locally led, community based initiatives that strengthen families and communities. Programmes includes healthcare support, quality education and livelihood skills for strengthening training, research and policy development in the area of children through projects conducted by itself or by other partner organizations to which it disburses grants. Accordingly, "Program expenditure" includes expenditure incurred by partner organisations till the year end. Balance unspent amount of grant with partner organisations at year end has been shown as "Sub – grant advance" of ₹ 46,80,183 (previous year ₹ Nil) under the head loans and advances.

l) Liabilities and provisions

The Society makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a liability when there is a:

- i) possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Society; or
- ii) present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- iii) present obligation, where a reliable estimate cannot be made.

16 Prior year comparatives

Figures of the previous year have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

This is the summary of accounting policies and other explanatory information referred to in our report of even date.

Walker Chandok & Co LLP

For Walker Chandok & Co LLP

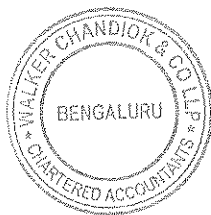
Chartered Accountants

Vijay V Singh

per Vijay Vikram Singh
Partner

Bengaluru

11 September 2017



For and on behalf of Child Fund India

Neelam Makhijani
Ms. Neelam Makhijani
CEO

Dr. Philip Lewis
Dr. Philip Lewis
President

New Delhi

11 September 2017

New Delhi

11 September 2017

