

## Independent Auditors' Report

The Board of Directors  
Taiwan Fund for Children and Families

We have audited the accompanying statement of financial position of Taiwan Fund for Children and Families (the "TFCF") as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the TFCF management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As addressed under note 3(1) to the accompanying financial statements, the cash balances of foreign bank accounts were not reevaluated with the spot rate of December 31, 2016 and 2015; also, as addressed under notes 2(6) and 3(4), supporting documents were examined only for the acquisition costs of the land and building, while the ending balances of the land and building as of December 31, 2016 and 2015 were stated based on the assessed values and publicly announced values released either for June of year 1994 or for the acquisition year.

In our opinion, except for the effects of possible adjustments as discussed in the third paragraph, if any, that might have been determined to be necessary had the foreign currency evaluation been conducted to bank accounts and also had additional supporting documents pertinent to the ending balances of the land and building been audited, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Taiwan Fund for Children and Families as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the Republic of China.



Crowe Horwath (TW) CPAs

Taichung, Taiwan

March 29, 2017

**Taiwan Fund for Children and Families**  
**Consolidated Statements of Activities**  
**For the years ended December 31, 2016 and 2015**  
(Amounts in thousands)

	<u>2016</u>	<u>2015</u>
<b>Revenue</b>		
Donations		
Child sponsorship income	\$ 54,546	\$ 52,285
Programs income	51,495	49,532
General donations	25,241	25,661
	<u>131,282</u>	<u>127,478</u>
Gov't Grants	18,024	17,481
Interest	1,932	2,168
Property	325	71
Other income	1,516	2,233
<b>Total revenue</b>	<u>153,079</u>	<u>149,431</u>
 <b>Expenditure</b>		
Contractual services		
Sponsorship expenditure	48,185	45,987
Programs expenditure	75,285	72,720
Personnel expenses	11,298	10,811
	<u>134,768</u>	<u>129,518</u>
Other Expenses	8,979	8,384
<b>Total expenditure</b>	<u>143,747</u>	<u>137,902</u>
<b>Net Income</b>	<u>\$ 9,332</u>	<u>\$ 11,529</u>