

Nepal Youth Foundation
Combined Financial Statements
Year ended June 30, 2014
with
Report of Independent Auditors

CERTIFIED PUBLIC
ACCOUNTANTS

DONALD WILSON
ALAN MARKLE
CHARLES STUCKEY
DAVID HARDESTY
DAVID BOTT
DAVID BAILEY
MICHAEL SMITH

Report of Independent Auditors

Board of Directors
Nepal Youth Foundation

We have audited the accompanying combined financial statements of the Nepal Youth Foundation (a nonprofit organization) and affiliates, which comprise the combined statement of financial position as of June 30, 2014, and the related combined statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We did not audit the financial statements of Nepal Youth Foundation Nepal, a Nepal affiliate, which statements reflect total assets of \$320,359 as of June 30, 2014, total support and revenues of \$21,683 and total expenses of \$2,384,235 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Nepal Youth Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined 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, based on our audit and the report of other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Nepal Youth Foundation and affiliates as of June 30, 2014, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Report on Summarized Comparative Information

We have previously audited the Nepal Youth Foundation's June 30, 2013 financial statements and in our report dated December 16, 2013, we expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.


Wilson Markle Stuckey Hardesty & Bott
November 14, 2014

Nepal Youth Foundation
Combined Statement of Financial Position
As of June 30, 2014 with comparative totals only as of June 30, 2013

	U.S.A.	Nepal	2014 Totals	2013 Totals
Assets				
Current assets				
Cash and cash equivalents	\$ 781,431	\$ 281,358	\$ 1,062,789	\$ 1,065,028
Investments, at fair value	3,569,174	-	3,569,174	3,071,249
Grants receivable, net	-	-	-	25,000
Other receivables	60,245	-	60,245	1,296
Grants advanced	-	38,795	38,795	83,425
Prepaid expenses	4,342	-	4,342	3,434
Total current assets	4,415,192	320,153	4,735,345	4,249,432
Property and equipment, net	9,969	-	9,969	13,623
Deposits	3,069	206	3,275	2,616
Total assets	\$ 4,428,230	\$ 320,359	\$ 4,748,589	\$ 4,265,671
Liabilities and net assets				
Current liabilities				
Accounts payable	\$ 3,699	\$ 14,283	\$ 17,982	\$ 8,034
Accrued compensation	14,768	-	14,768	18,128
Total current liabilities	18,467	14,283	32,750	26,162
Long-term liabilities				
Pension liability	-	28,292	28,292	15,811
Total liabilities	18,467	42,575	61,042	41,973
Net assets				
Unrestricted				
Undesignated	2,000,192	277,784	2,277,976	1,346,619
Board designated	-	-	-	561,045
Total unrestricted net assets	2,000,192	277,784	2,277,976	1,907,664
Temporarily restricted	2,409,571	-	2,409,571	2,316,034
Total net assets	4,409,763	277,784	4,687,547	4,223,698
Total liabilities and net assets	\$ 4,428,230	\$ 320,359	\$ 4,748,589	\$ 4,265,671

See accompanying notes.

Nepal Youth Foundation
Combined Statement of Activities and Changes in Net Assets
As of June 30, 2014 with comparative totals only as of June 30, 2013

	Unrestricted		Temporarily	2014 Totals	2013 Totals
	U.S.A.	Nepal	Restricted U.S.A.		
Support and revenue					
Grants and contributions	\$ 847,458	\$ 21,683	\$1,895,923	\$2,765,064	\$2,692,764
Investment income	442,905	-	-	442,905	244,539
Annual event, net of direct expenses of \$11,316	55,812	-	-	55,812	20,191
In-kind contributions	-	-	-	-	18,000
Net assets released from activity restrictions	1,802,386	-	(1,802,386)	-	-
Total support and revenue	3,148,561	21,683	93,537	3,263,781	2,975,494
Expenses					
Program services	33,216	2,253,356	-	2,286,572	1,660,350
Supporting services					
Management & Admin	157,224	50,795	-	208,019	251,420
Fundraising	225,257	80,084	-	305,341	102,540
Total expenses	415,697	2,384,235	-	2,799,932	2,014,310
Change in net assets	2,732,864	(2,362,552)	93,537	463,849	961,184
Transfers of net assets	(1,899,129)	1,899,129	-	-	-
Net assets, beginning of year	1,166,457	741,207	2,316,034	4,223,698	3,262,514
Net assets, end of year	<u>\$2,000,192</u>	<u>\$ 277,784</u>	<u>\$2,409,571</u>	<u>\$4,687,547</u>	<u>\$4,223,698</u>

See accompanying notes.

Nepal Youth Foundation
 Combined Statement of Functional Expenses
 As of June 30, 2014 with comparative totals only as of June 30, 2013

Expenses	Program Services			Supporting Services				2013 Totals
	U.S.A	Nepal	Nepal	Management & Admin		Fundraising		
				U.S.A	Nepal	U.S.A	Nepal	
Salaries	\$ -	\$ 34,112	\$ 66,415	\$ 19,815	117,921	36,096	\$ 274,359	\$ 233,134
Payroll taxes and benefits	-	4,197	10,432	8,081	21,435	5,087	49,232	20,522
Professional fees	-	-	39,897	708	15,334	-	55,939	48,590
Occupancy	-	-	11,640	2,927	16,187	-	30,754	34,591
Communications	-	321	2,773	1,737	3,856	1,484	10,171	9,443
Postage and shipping	-	-	374	-	9,336	-	9,710	9,219
Supplies	-	1,002	1,033	882	2,499	924	6,340	4,210
Equipment rental and maintenance	-	-	125	1,903	174	-	2,202	4,814
Insurance	-	-	1,036	576	1,441	251	3,304	3,285
Taxes, licenses and dues	-	5,199	828	753	108	473	7,361	513
Bank fees	-	-	8,702	217	2,028	-	10,947	11,608
Printing and publications	-	-	1,979	838	19,483	-	22,300	21,344
Travel	-	6,017	6,713	1,270	10,602	27,698	52,300	32,179
Promotion	-	-	6	766	2,322	1,300	4,394	4,726
Training	-	-	272	606	1,447	60	2,385	3,029
Grants	-	2,195,688	-	-	-	-	2,195,688	1,470,013
U.S. scholarships awarded	33,216	-	-	-	-	-	33,216	-
Direct client support	-	1,880	-	-	-	-	1,880	3,471
Depreciation and amortization	-	-	4,999	-	1,084	-	6,083	2,314
Miscellaneous	-	4,940	-	9,716	-	6,711	21,367	79,305
In-kind	-	-	-	-	-	-	-	18,000
Total expenses	\$ 33,216	\$ 2,253,356	\$ 157,224	\$ 50,795	225,257	80,084	\$ 2,799,932	\$ 2,014,310

See accompanying notes.

Nepal Youth Foundation
Combined Statement of Cash Flows
As of June 30, 2014 with comparative totals only as of June 30, 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ 463,849	\$ 961,184
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contributed investments	(212,425)	(117,154)
Net gain on investments	394,614	184,256
Depreciation and amortization	6,083	2,314
Changes in current assets and liabilities		
Grants receivable	25,000	35,000
Other receivables	(58,949)	(1,296)
Grants advanced	44,630	(52,526)
Prepaid expenses	(908)	2,423
Accounts payable	9,948	(49,712)
Accrued compensation	(3,360)	7,148
	<u>668,482</u>	<u>971,637</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Sale of investments, net	(680,114)	(263,891)
Purchase of equipment	(2,429)	(2,793)
Net change in deposits	(659)	22
Net change in pension liability	12,481	15,811
	<u>(670,721)</u>	<u>(250,851)</u>
Net cash used by investing activities		
Change in cash and cash equivalents	(2,239)	720,786
Cash and cash equivalents, beginning of year	<u>1,065,028</u>	<u>344,242</u>
Cash and cash equivalents, end of year	<u>\$ 1,062,789</u>	<u>\$ 1,065,028</u>

See accompanying notes.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2014

Basis of presentation and programs

The Nepal Youth Foundation (NYF) was incorporated in California on June 26, 1990, and operates as a nonprofit public charity through its office in Sausalito, California with its Country Office in Kathmandu, Nepal. In June 2010, NYF changed its name from the Nepalese Youth Opportunity Foundation. NYF is devoted to bringing hope to the most destitute children in the beautiful but impoverished country of Nepal. The Nepal Youth Foundation offers hope and opportunity to Nepal's most impoverished children by providing them what is every child's birthright: vital healthcare, education and a safe environment. The programs of NYF are:

Empowering Freed Kamlaris

NYF launched the *Indentured Daughters Program* in 2000 with the goal of ending the practice of *Kamlari*, the system in which girls from desperately poor families were sold into domestic slavery. Since then, NYF has rescued over 12,300 girls and returned them to their home communities. NYF's new *Empowering Freed Kamlaris* program (EFK) is helping the rescued girls become independent young women with several programs:

Leadership Training through the *Freed Kamlari Development Forum* (FKDF) action group formed by the freed young women in 2010.

Economic Development through the use of business co-ops.

Vocational Training in marketable skills such as agriculture, engineering, computer technology, and healthcare.

Psychological Support through peer counseling and monthly support groups.

Vocational Education and Career Counseling

Since our *Vocational Education and Career Counseling* program (VECC) began in 2007, VECC has counseled and trained thousands of young people in a variety of trades. More than 80% of NYF graduates are now employed, a remarkable achievement in a country with an unemployment rate of 46%.

Early Childhood Development

In this first year, NYF opened *Early Childhood Development* (ECD) centers in Kathmandu and in rural villages. NYF trains teachers and staff, designs the curriculum, and supplies the educational materials. Because nearly half of all Nepali children are

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2014

Basis of presentation and programs (continued)

Early Childhood Development (continued)

malnourished, NYF provides healthy meals at our ECD centers and train mothers in nutrition basics.

Scholarship Program

NYF's scholarship program is at the heart of our mission. NYF is one of the largest non-governmental providers of scholarship aid in Nepal, supporting underprivileged and disabled students from grade school to graduate school.

Malnutrition Prevention and Treatment

Almost half of the children in Nepal suffer from malnutrition due to lack of knowledge and poverty. NYF has established a comprehensive approach to solving the problem:

Nutritional Rehabilitation Homes - NYF runs small hospitals (NRHs) that restore severely malnourished children to good health while educating their mothers in nutrition and childcare.

Nutritional Outreach Camps - NYF provides nutrition education to mothers or guardians, and we refer severely malnourished children to an NRH for treatment.

Training and Capacity Building - NYF trains staff from the outlying facilities and medical students at the NRH in Kathmandu.

New Life Center

New Life Center is a transitional home for children with HIV/AIDS using a holistic approach that incorporates medicine, nutrition, psychological counseling and social support services. Children live at the center with their mother or caregiver until they can return home fully nourished and free of secondary infections.

Ankur Counseling Center

Ankur Counseling Center (ACC) heals the emotional wounds of children who have suffered trauma, neglect and loss, and offers wellness trainings that are helpful to any child. ACC also provides innovative training programs in Nepal for psychologists who work with children.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2014

Basis of presentation and programs (continued)

Children's Homes and the J & K House Village Project

NYF has created two of the best children's homes in Nepal. J House and K House are NYF's excellent homes for Nepali children who are orphans, disabled, or abandoned. These children are the most vulnerable in Nepal. In these loving environments, kids are empowered to excel and fulfill their dreams. J House (for boys) and K House (for girls) each hold only up to 30 children. Since their inception, these homes have been leased. This situation results in periodic disruption due to lease expirations and relocations. In 2013, the Board of Directors approved a project to grant monies to its affiliate in Nepal specifically earmarked for the purchase of land and construction of new and permanent J and K Houses. The Board approval stipulates that the funding for this project be raised separate from the ongoing program funding. The Board approved project plan totals \$2,358,000 and includes three elements:

- 1) Land, access and fees \$728,000.
- 2) J and K House structures, furnishings, and support equipment \$1,165,000.
- 3) Vocational Training facility, furnishings, and support equipment \$465,000.

Contributions and expenditures over the last two fiscal years:

	<u>Fiscal Year</u> <u>2012 – 2013</u>	<u>Fiscal Year</u> <u>2013 – 2014</u>	<u>Two Year</u> <u>2012 – 2014</u>
Contributions	\$905,000	\$918,821	\$1,823,821
Expenditures	\$0	\$621,459	\$621,459

All expenditures will be grants to NYF's Nepali affiliate and will not be directly owned by NYF. Furthermore, it is NYF's policy to expense such acquisitions in Nepal as these acquisitions become the property of the Social Welfare Council of the Government of Nepal upon the termination of NYF's General Agreement with the Council. That General Agreement must be renewed every five years and the last agreement was signed and went into effect as of July 2, 2013.

The \$620,961 spent in Fiscal Year 2013-2014 was for land, which will be the site of the new J House and K House. The project is scheduled for completion in 2015.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2014

Basis of presentation and programs (continued)

Children, youth and professionals served

In fiscal year 2013-2014, NYF served an estimated 16,397 children and youth, and 1,648 professionals through our programs. The following table represents the number of children and youth, and professionals served by program:

Program	2013-14 Children, Youth and Professionals served
Empowering Freed Kamlaris	Over 8,000
Vocational Education and Career Counseling	1,292
Early Childhood Development	214
Scholarship Program	750, including 268 college scholarships
Mainnutrition Prevention and Treatment	
Nutritional Rehabilitation Homes	939 at NYF's NRHs
Nutritional Outreach Camps - screenings	2,952
Training for Staff and Medical Students	1,235
New Life Center	102
Ankur Counseling Center	2,111 children were served and 413 adults participated in training
Children's Homes	37
Totals	16,397 children, youth and 1,648 professionals served

Note 1 - Summary of significant accounting policies

Basis of accounting

NYF prepares its financial statements using the accrual basis of accounting. NYF records revenues when earned and expenses when incurring the related obligations.

Cash and cash equivalents

Cash and cash equivalents consist of amounts on hand and on deposit with commercial banks, available within 90 days of demand. The carrying amount of cash approximates fair value due to its short-term nature.

The Government of Nepal requires entities that operate homes for children to reserve 5% of annual expenditures in separate cash accounts. As of June 30, 2014, NYF set aside \$66,843, included with cash and cash equivalents, investments and board designated net assets herein, which the management of NYF believes to meet the requirements of the Government of Nepal.

Investments

Investments consist principally of debt securities of the U. S. Government and its agencies, equity securities of corporations and shares of registered investment

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2014

Note 1 - Summary of significant accounting policies (continued)

Investments (continued)

companies (mutual and money market funds). NYF records investments at their fair market value and reports interest, dividends, gains, losses and changes in fair market value (unrealized gains and losses), net of custodial fees, as net investment income herein.

Grants receivable

Grants receivable consist principally of promises to give made by individuals and private foundations. NYF records grants receivable at their fair value, net of an estimated allowance for uncollectible grants. Fair value of grants receivable is the present value of expected future cash flows. NYF amortizes the discount, using the collection method, to grant support herein.

Property and equipment

Property and equipment consist of furniture, office and computer equipment. NYF records property and equipment at cost or fair value for donated items. NYF expenses property and equipment with a cost or fair value under \$1,000 and the cost of maintenance and repairs that does not improve or extend the lives of the property and equipment. NYF computes depreciation using the straight-line method over the estimated useful lives of the property and equipment, ranging from three to five years. Under a General Agreement with the Social Welfare Council (Council) of the Government of Nepal, last renewed for five years effective March 1, 2013, property and equipment acquired by NYF in Nepal shall become the property of the Council or another entity of its choosing at the termination of the Agreement. Accordingly, NYF will expense subsequent acquisitions.

Contributions in-kind

NYF records donated property, equipment and other tangible goods at their estimated fair market value as of the date of the donation. NYF records contributed services, which require a specialized skill and which NYF would have paid for if not donated, at the estimated fair value at the time it receives benefit of the services. NYF also receives donated services that do not require specific expertise, but which are nonetheless central to the operations of NYF.

Contributions and net assets

NYF recognizes contributions when a donor makes an unconditional promise to provide support. Net assets include cumulative unrestricted, temporarily restricted and

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2014

Note 1 - Summary of significant accounting policies (continued)

Contributions and net assets (continued)

permanently restricted net assets, net of cumulative expenses. Unrestricted net assets consist of revenue and contributions not restricted to a particular purpose or time by the donor, net of expenses. Temporarily restricted net assets consist of contributions restricted by the donor to a particular purpose or time. Temporarily restricted net assets become unrestricted net assets when NYF meets the donor purpose or time restriction and are reported in the statement of activities and changes in net assets as net assets released from restrictions. Permanently restricted net assets, of which NYF has none, would consist of contributions restricted by the donor for NYF to hold permanently, allowing for only use of the income generated by the contribution.

Allocation of functional expenses

NYF summarized the costs of providing its programs and other activities on a functional basis herein. Accordingly, NYF allocated certain costs between program and supporting services based on estimates of time and usage. NYF bases indirect expense allocations on the employee time expended on an activity.

NYF operates most of its supporting activities in California and program activities in Nepal. Accordingly, calculation of certain financial statement ratios may skew unfavorably due to significant cost differences between California and Nepal.

Foreign currency translation

NYF translates the financial statements of its activities in Nepal from their functional currencies into U. S. Dollars in conformity with accounting principles generally accepted in the United States. Accordingly, NYF translates all assets and liabilities based on current (year-end) exchange rates and all revenues and expenses based on the average exchange rate during the period. NYF records the resulting translation adjustment as currency translation gain or loss herein.

Income taxes

The Internal Revenue Service (IRS) and State of California Franchise Tax Board approved NYF as exempt from federal income tax under the Internal Revenue Code (IRC) and from California bank and corporation taxes under the California Revenue and Taxation Code. In addition, the IRS approved NYF to receive contributions that qualify for the charitable contribution deduction under the IRC and as a publicly supported organization as described in the IRC. Accordingly, donors are entitled to the maximum charitable contribution deduction allowed by law.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2014

Note 1 - Summary of significant accounting policies (continued)

Income taxes (continued)

Management of NYF concluded that no activities of NYF jeopardized its exemption from income taxes, its classification as a "public charity" or subjected NYF to taxes on unrelated business income. Consequently, NYF did not provide for any income taxes.

NYF follows accounting principles generally accepted in the United States relating to the accounting for uncertainty in income taxes. Adoption of these provisions did not have any impact on NYF's accounting for unrecognized tax liabilities. Management believes that NYF has adequately addressed all tax positions and that there are no unrecorded tax liabilities. Tax years 2010 to 2013 are open for examination by the Internal Revenue Service and years 2009 to 2013 by the California Franchise Tax Board.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported herein. Actual results could differ from those estimated.

Concentrations, credit and market risk

Cash and cash equivalents held by one commercial bank exceeded federal deposit insurance limits at various times during the year ended June 30, 2014. Investments are subject to credit and market risks. Credit risk is the probability that parties holding or supporting an investment will default or otherwise fail to perform. Market risk is the inherent change in the fair value of an investment due to changes in conditions.

Comparative totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or location. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, read such information in conjunction with the financial statements of NYF as of and for the year ended June 30, 2013, from which NYF derived the summarized information. NYF reclassified certain prior year amounts to conform to the current year presentation.

Fair value measurements

NYF uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2014

Note 1 - Summary of significant accounting policies (continued)

Fair value measurements (continued)

consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Level 3 inputs consist of unobservable inputs that reflect internal judgments and have the lowest priority. NYF values all contributions at fair value when promised. NYF only revalues debt and marketable equity securities at least as often as it presents financial statements. For contributions valued initially at fair value but not revalued, NYF treats the initial fair value as cost in subsequent financial statements.

Management of NYF estimates that the aggregate net fair value of reported financial instruments (including receivable, payables and accrued expenses) approximates their carrying value, as such financial instruments are short-term in nature or bear interest at current market rates.

Subsequent events

NYF evaluated all other subsequent events for recognition and disclosure through November 14, 2014, the date to which these financial statements were available to be issued. Management concluded that no other material subsequent event had occurred since June 30, 2014 that required recognition or disclosure herein.

Note 2 – Investments

As of June 30, 2014 and 2013, investments totaled as follows:

	<u>Level 1</u>	<u>2014</u> <u>Fair value</u>	<u>2013</u> <u>Fair value</u>
Debt securities			
U.S. Government and securities	\$ 391,823	\$ 391,823	\$ 238,028
Municipal bonds	53,151	53,151	54,191
Equity securities			
Corporate	1,386,485	1,386,485	978,100
Pooled investment funds			
Mutual funds and others	1,491,234	1,491,234	1,488,357
Money market funds	246,481	246,481	312,573
Total investments	<u>\$ 3,569,174</u>	<u>\$ 3,569,174</u>	<u>\$ 3,071,249</u>

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2014

Note 2 – Investments (continued)

During the years ended June 30, 2014 and 2013, investment income totaled as follows:

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 74,646	\$83,900
Net realized gain and unrealized appreciation	394,614	184,611
Custodial fees	(26,355)	(23,972)
Investment income, net	<u>\$442,905</u>	<u>\$244,539</u>

Note 3 – Temporarily restricted net assets

As of and during the year ended June 30, 2014, temporarily restricted net assets reconcile as follows:

<u>Activity</u>	<u>2013</u>	<u>Additions</u>	<u>Releases</u>	<u>2014</u>
Children's Homes	\$ 905,750	\$ 982,562	\$ 685,450	\$ 1,202,862
Liberating Girls from Indentured Servitude	281,068	(125,622)	153,320	2,126
Nutritional Rehabilitation Homes	84,201	289,484	306,419	67,266
Schools and Scholarships	60,890	298,206	224,822	134,274
Vocational Counseling	59,109	429,621	426,453	62,277
Emergency Fund	925,016	1,672	1,672	925,016
Book Project	-	20,000	4,250	15,750
Total	<u>\$ 2,316,034</u>	<u>\$1,895,923</u>	<u>\$ 1,802,386</u>	<u>\$ 2,409,571</u>

Note 4 – Retirement plan

NYF maintains a retirement plan for its employees in Nepal and certain employees of a related organization in Nepal. Eligible employees are entitled to a lump sum, totaling 0.5 to 1.5 months of their then current salary per year of service, depending on the total number of years of service, which NYF pays upon termination, retirement or death.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2014

Note 4 – Retirement plan (continued)

Eligible employees vest in their share of the retirement plan benefit after completing five years of service. As of June 30, 2014, the estimated retirement plan benefit liability was \$28,292 (2013 - \$15,811).

Note 5 – Founder's Day

NYF held its annual special event called Founder's Day on June 13th. During the year ended June 30, 2014, NYF recorded \$67,178 in gross receipts and \$11,316 in direct expenses, resulting in net contributions of \$55,812.

Note 6 – Commitments and contingencies

NYF rents office space in Sausalito under a non-cancelable operating lease that expires April 30, 2015. Rental expense for office and program facilities for the year ended June 30, 2014 was \$30,754 (2013 - \$27,612). Future minimum payments under the non-cancelable operating lease for the year ending June 30, 2015 totals \$23,000.

Under its Agreement with the Social Welfare Council of the Government of Nepal, NYF must invest a minimum of \$1,500,000 annually in its programs and projects in Nepal through March 1, 2017.