

Nepal Youth Foundation

Combined Financial Statements

Year ended June 30, 2021

with

Report of Independent Auditors



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Report of Independent Auditors

To the Board of Directors
of the Nepal Youth Foundation

We have audited the accompanying combined financial statements of the Nepal Youth Foundation (a nonprofit organization) and the Nepal office of the Nepal Youth Foundation, which comprise the combined statement of financial position as of June 30, 2021, 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 combined 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 the Nepal office of the Nepal Youth Foundation, registered as an international non-governmental organization, which statements reflect total assets of \$149,277 as of June 30, 2021, total support and revenues of \$48,812 and total expenses of \$1,755,360 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, 2021, 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, 2020 financial statements and in our report dated March 16, 2021, 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, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

WMB², LLP

WMB², LLP
Larkspur, California
March 14, 2022

Nepal Youth Foundation
 Combined Statement of Financial Position
 As of June 30, 2021 with comparative totals only as of June 30, 2020

	U.S.A.	Nepal	2021 Totals	2020 Totals
Assets				
Current assets				
Cash and cash equivalents	\$ 525,736	\$ 161,389	\$ 687,125	\$ 866,714
Short-term investments	1,147,876	-	1,147,876	702,930
Grants receivable	88,502	-	88,502	75,000
Inter-agency receivable/payable	12,154	(12,154)	-	-
Other receivables	-	-	-	-
Grants advanced	-	-	-	-
Prepaid expenses	5,396	-	5,396	9,518
Total current assets	1,779,664	149,235	1,928,899	1,654,162
Long-term investments	1,155,949	-	1,155,949	1,025,352
Property and equipment, net	-	-	-	1,566
Other assets	33,150	-	33,150	33,150
Deposits	1,370	42	1,412	2,751
Total assets	\$ 2,970,133	\$ 149,277	\$ 3,119,410	\$ 2,716,981
Liabilities and net assets				
Current liabilities				
Accounts payable	\$ 3,796	\$ 40,305	\$ 44,101	\$ 128,874
Accrued expenses	31,285	-	31,285	6,622
Grant advance - Paycheck Protection Program	-	-	-	69,730
Total current liabilities	35,081	40,305	75,386	205,226
Long-term liabilities				
Pension liability	-	22,788	22,788	26,056
Total liabilities	35,081	63,093	98,174	231,282
Net assets				
Without donor restrictions	1,553,376	86,184	1,639,560	989,751
With donor restrictions	1,381,676	-	1,381,676	1,495,948
Total net assets	2,935,052	86,184	3,021,236	2,485,699
Total liabilities and net assets	\$ 2,970,133	\$ 149,277	\$ 3,119,410	\$ 2,716,981

See accompanying notes.

Nepal Youth Foundation
 Combined Statement of Activities and Changes in Net Assets
 For the year ended June 30, 2021 with comparative totals only for the year ended June 30, 2020

	Without donor restrictions		With donor	2021 Totals	2020 Totals
	U.S.A.	Nepal	Restrictions U.S.A.		
Support and revenue					
Grants and contributions	\$ 1,423,858	\$ 7,875	\$ 812,873	\$ 2,244,606	\$ 2,128,883
Paycheck Protection Program grant	69,730	-	-	69,730	-
Net investment return	399,778	-	5,597	405,375	76,716
Annual event, net of direct expenses of \$0	135,907	-	-	135,907	93,605
Net assets released from activity restrictions	891,805	40,937	(932,742)	-	-
Total support and revenue	2,921,078	48,812	(114,272)	2,855,618	2,299,204
Expenses					
Program services	124,521	1,661,312	-	1,785,833	1,839,256
Supporting services					
Management & Administration	194,101	46,599	-	240,700	309,999
Fundraising	246,099	47,449	-	293,548	377,672
Total expenses	564,721	1,755,360	-	2,320,081	2,526,927
Change in net assets	2,356,357	(1,706,548)	(114,272)	535,537	(227,723)
Transfers of net assets	(1,719,517)	1,719,517	-	-	-
Net assets, beginning of year	916,536	73,215	1,495,948	2,485,699	2,713,422
Net assets, end of year	\$ 1,553,376	\$ 86,184	\$ 1,381,676	\$ 3,021,236	\$ 2,485,699

See accompanying notes.

Nepal Youth Foundation

Combined Statement of Functional Expenses

For the year ended June 30, 2021 with comparative totals only for the year ended June 30, 2020

Expenses	Program Services		Supporting Services				2021 Totals	2020 Totals
	U.S.A	Nepal	Management & Admin		Fundraising			
			U.S.A	Nepal	U.S.A	Nepal		
Salaries	\$ 90,892	\$ 77,866	\$ 75,996	\$ 30,761	\$ 148,630	\$ 42,766	\$ 481,625	
Payroll taxes and benefits	12,420	7,693	17,349	4,151	22,680	3,877	88,898	
Professional fees	436	2,533	69,186	1,097	18,419	-	78,537	
Occupancy	12,624	-	12,088	2,337	23,639	-	55,196	
Communications	3,918	51	3,751	1,448	7,336	806	15,422	
Postage and shipping	173	-	412	-	2,456	-	7,067	
Supplies	218	-	532	385	408	-	3,165	
Equipment rental and maintenance	63	-	61	855	119	-	912	
Insurance	736	-	3,490	732	1,378	-	6,178	
Taxes, licenses and dues	-	-	434	1,644	454	-	4,653	
Bank fees	-	-	7,729	17	4,837	-	13,521	
Printing and publications	1,469	-	1,406	93	12,737	-	22,849	
Travel	104	-	101	2,440	194	-	6,494	
Promotion	-	-	-	118	2,812	-	25,662	
Training	-	-	-	-	-	-	2,126	
Grants	-	1,579,640	-	-	-	-	1,699,607	
Direct client support	-	163	-	-	-	-	590	
Depreciation and amortization	-	-	1,566	-	-	-	1,880	
Miscellaneous	1,468	(6,634)	-	521	-	-	12,545	
Total expenses	\$ 124,521	\$ 1,661,312	\$ 194,101	\$ 46,599	\$ 246,099	\$ 47,449	\$ 2,526,927	

See accompanying notes.

Nepal Youth Foundation

Combined Statement of Cash Flows

For the year ended June 30, 2021 with comparative totals only for the year ended June 30, 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 535,537	\$ (227,723)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Contributed investments	(211,068)	(192,852)
Net gain on investments	(391,763)	(49,979)
Depreciation and amortization	1,566	1,880
Changes in current assets and liabilities		
Grants receivable	(13,502)	(75,000)
Other receivables	-	275
Grants advanced	-	329
Prepaid expenses	4,122	4,559
Accounts payable	(84,773)	79,968
Accrued expenses	24,663	(18,289)
Grant advance - Paycheck Protection Program	(69,730)	69,730
Net cash used by operating activities	(204,948)	(407,102)
Cash flows from investing activities		
Sale (Purchase) of investments, net	27,288	473,337
Net change in deposits	1,339	47
Net change in pension liability	(3,268)	(37,470)
Net cash provided by investing activities	25,359	435,914
Change in cash and cash equivalents	(179,589)	28,812
Cash and cash equivalents, beginning of year	866,714	837,902
Cash and cash equivalents, end of year	\$ 687,125	\$ 866,714

See accompanying notes.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2021

Organization 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 San Francisco, California with its Country Office in Kathmandu, Nepal. The Nepal Youth Foundation offers hope and opportunity to Nepal's most impoverished children by providing them what is every child's birthright: Education, Health, Shelter, and Freedom. The programs of NYF are:

Education Programs:

In over three decades of operation, NYF has grown into one of Nepal's largest non-governmental scholarship providers. Today, our education programs encompass grades K-12, college, medical school and graduate school, vocational education scholarships, and world-class vocational education trainings and certifications.

We are focused on ensuring these opportunities go to students facing remarkable obstacles, including casteism, sexism, financial hardship, discrimination based on disability, and more. Our students receive scholarships, as well as trouble-shooting support from our social workers to ensure they can succeed.

NYF's **Scholarship Program** is at the heart of its mission, supporting students from grade school to graduate school. NYF believes that all children should be able to access a quality education and be empowered to pursue their dreams. Scholarships provide more than just financial aid: NYF social workers give students personal guidance, housing, medical care, psychological counseling, and support schools in improving educational infrastructure.

Day School Scholarships are awarded to students K-12 whose families are unable to afford the expenses associated with school attendance, like notebooks, uniforms, and kerosene for doing homework after dark.

Boarding School Scholarships are for those who need total support for education, housing, and other expenses. In most cases, these needs arise when an older child—usually high-school aged—experiences a hardship that leaves them without parents or a stable home. For these students, boarding school is a less disruptive option developmentally than late entrance into a children's home might be, and allows the student to maintain a sense of normality alongside friends and peers whose guardians have decided to scaffold the transition towards adulthood in this way.

Nepal Youth Foundation
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Education Programs (continued)

Scholarships for Students with Disabilities—those with deafness or blindness, chronic health problems, mobility challenges, or other physical limitations—combat particularly strong systemic barriers in Nepal’s society. Frequently they are treated as though they are far less capable than they are. However, once given the chance to pursue their educations, these remarkable students shine.

College Scholarships are available for students in college, graduate school, medical school, and other higher-education programs. Most of these students have scored well enough on nationwide entrance examinations to earn highly competitive full-ride academic scholarships from the Nepalese government—but are unable to accept due to the expenses associated with rent, school supplies, lab fees, transportation, tutors, meals, and living costs. NYF scholarships provide these deeply motivated students with quarterly stipends for their living expenses, allowing them to accept the government scholarships they have earned and focus on their studies.

NYF’s **Vocational Education and Career Counseling Program (VECC)** began in 2007 and helps link motivated young adults with the holistic resources and training they need to start lucrative careers in Nepal’s growing economy—starting each on his or her pathway to an empowered future.

The VECC program provides services including vocational training scholarships, job placement support, entrepreneurship classes, start-up microgrants, resume-writing support, job interviewing feedback, life skills workshops, basic computer training, and connections to other young adults on similar paths towards personal economic empowerment. This team also coordinates the world-class vocational education training and certification courses offered through NYF’s Olgapuri Vocational School, helping students seize career opportunities in Nepal’s growth sectors.

Olgapuri Vocational School (OVS) provides three-month training courses in high-demand trades including electrical, plumbing, welding, and carpentry (growth sectors in Nepal’s economy of developing infrastructure). Those in this program receive intensive skills training from expert instructors, entrepreneurship guidance (material sourcing, networking, site selection, pricing, product sales, and more), resume-building and job search support, and connections to other young adults on similar paths. Certifications earned through OVS are recognized in areas throughout Nepal as signifiers of excellence. Beginning in mid-2020, training courses have been offered both on-site at NYF’s Lalitpur vocational school and in “satellite” form in rural areas through Nepal.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2021

Education Programs (continued)

Special vocational programs are available to Tharu women from Western Nepal who were impacted by our tremendously successful **Empowering Freed Kamlaris** program which freed nearly 13,000 young women from kitchen slavery between 2000 and 2020. Most of these women join our “Tea and Snacks Shop” training program, which teaches the principles of small business ownership and provides start-up funds for each woman to open her own roadside business. Part of the training includes learning to cook over 30 different beloved delicacies—momo (Nepali dumplings), noodles, mouthwatering sweet pastries and treats, soup, doughnuts, tea, coffee, and more. By setting up shop near a local construction site, market, or other busy spot, graduates of this program quickly gain popularity and become a go-to source of that midday calorie boost!

Training also includes information on decision making and the importance of financial freedom and access for women—and these young entrepreneurs take this knowledge to heart. Graduates of this program have used their proceeds to buy livestock, to purchase farmland outright, or to educate their younger siblings. Some have even hired their parents or husbands to run secondary locations!

Other training programs include nontraditional agriculture courses for crops including mushrooms and henna.

In early 2021, NYF launched the **Sustainable Agriculture and Entrepreneurship Training** project (SAAET), which teaches groups of young women sustainable agricultural business practices in greenhouse technology: how to build and maintain simple greenhouses, use best organic farming practices within them, and to run a greenhouse-based business. (“SAAET” in Nepali means, auspicious moment of starting a new journey.)

Health Programs:

So much of a child’s future is expanded or limited based on his or her health in those first, formative years. Brain development, bone strength, emotional resiliency, personality—even eyesight and coordination—all are strongly impacted by a family’s access to healthcare, home health education, and nutritious food. Among Nepal’s children, malnutrition is linked to widespread health issues, including far too many early deaths. The Nepalese government is working hard to address this issue throughout the country, and NYF is proud to be part of Nepal’s remarkable journey towards greater pediatric health.

Nepal Youth Foundation
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Health Programs (continued)

Between 1998 and 2017, NYF built 17 **Nutritional Rehabilitation Homes** (NRHs) throughout the country. These clinics, each located near a government-run hospital, provide residential care, usually for four to six weeks, for children experiencing malnutrition, as well as their caregivers.

Operating from our belief in a family's ability to sustain their children's health when given the right tools and information, staff at NRHs provide personalized nursing and nutritional care to the children, helping them healthily gain weight, muscle, and stamina, while providing hands-on training for the caregivers in topics like home health care, hygiene, and nutritional meal prep. When assessed six months after discharge, over 90% of the children served at an NRH have sustained or improved upon their nutritional gains, with some children being almost unrecognizable by the field staff conducting follow-ups. Caregivers are empowered to provide better nutrition to their entire families (themselves included!), and often share their knowledge with neighbors and relatives.

Most of the 17 NRHs built by NYF are now funded and run entirely by the Nepalese hospital system. This is by design. As each NRH was constructed, NYF and Nepal's government committed to gradually transitioning each facility into Nepal's medical infrastructure over the course of five years, with detailed agreements in place to ensure good governance and continued success. For example, all NRH staff are vetted and trained by the NYF nutrition experts at our flagship Kathmandu Valley NRH.

The Kathmandu Valley NRH will always be owned and operated by the Nepal Youth Foundation. Besides this facility, only the Dadeldura NRH is still operated by NYF—and this last clinic is on-track to transition into the hospital system's control in July 2022.

Meanwhile, the NRH model has been so successful that Nepal's government has begun constructing their own NRHs without any funding assistance from NYF, with hospitals in remote regions submitting applications to the government requesting these facilities on their grounds. So far, seven new NRHs have been built by Nepal's government—and NYF is joyfully providing training for staff members at these facilities as well.

Our Kathmandu Valley NRH is known in Nepal's medical circles as a leader in best practices for addressing childhood malnutrition. Besides training prospective NRH staff members from across the country, the facility also regularly provides special training workshops for health workers and medical students interested in focusing on nutrition issues. Childcare workers, teachers, and others may also take part in similar workshops. Certifications earned here are well-respected throughout Nepal.

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Health Programs (continued)

Since 2011, **Nutritional Outreach Camps** have taken nutritional intervention into remote regions, providing free medical check-ups, nutritional assessment, and care to children, as well as focused, practical education for caregivers, with emphasis on nutrition and hygiene.

Each two-day camp serves approximately 500-1,000 children, nearly two-thirds of whom are age five or under. Most of them arrive having walked over two hours to attend. Children are screened for their nutrition status based on WHO guidelines. Each child is also given a full check-up by a pediatrician—often their first visit with a medical professional—and parents are encouraged to voice any concerns or questions they may have about their child’s health. At each of these events, team doctors came prepared to distribute vitamins, as well as medicines to address common complaints, including skin problems, fevers, and gastroenteritis. Lito was distributed widely in connection with NYF’s Lito for Life COVID response program.

Our Nutritional Outreach Camps are often held in partnership with district- and municipality-level NGOs, with participation from local governments.

The **New Life Center (NLC)**, located just a short walk away from the flagship Nutritional Rehabilitation Home, provides holistic care for children living with HIV, accompanied by their caregivers. Relying strongly on lessons learned through our NRHs, this center provided enhanced care especially for those with this lifelong illness. The NLC has become a crucial piece of Nepal’s HIV/AIDS response network and is the country’s premiere source for support and expertise on pediatric HIV.

Children are often referred to the NLC by Kathmandu hospitals when a new diagnosis is made—often when a child is experiencing full-blown AIDS and is in crisis, having contracted one or more opportunistic infections. An average initial stay at the NLC lasts for three months, as the child’s health is stabilized through medical interventions, 24-hour nursing care, nutritional support, psychological counseling, and more. Meanwhile, caregivers receive similar training to that available at the Nutritional Rehabilitation Homes, only this, too, is enhanced with special training on managing HIV at home. Most of these caregivers have also recently discovered their own HIV status. They receive special psychological counseling to help cope with this lifechanging diagnosis.

Nepal Youth Foundation
Notes to Combined Financial Statements
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Health Programs (continued)

NYF's **Ankur Counseling Center** is Nepal's first counseling center for children, and it is leading the way in introducing crucial psychological care to children and families. Almost every NYF program involves services provided through Ankur, including group therapy for mothers living with HIV, routine individual therapy for the children at Olgapuri Children's Village, and goal setting workshops for young women in vocational training programs.

Using proven techniques like sand play therapy, cognitive behavioral therapy, and creative movement therapy, Ankur helps children coping with issues ranging from trauma, grief, and loss to struggles like ADHD, anxiety, and low self-esteem. Age-appropriate workshops are available on subjects including life skills, bullying, self-care, sexuality, drug abuse, stress management, and more.

Like the Kathmandu Valley Nutritional Rehabilitation Home, Ankur Counseling Center is also a teaching resource for Nepal's future child psychologists, social workers, and therapists. Some of the work here is performed by interns selected through a competitive application process to be trained and overseen by our own therapists. These interns are college students majoring in psychology and social work, each of whom is hoping to establish a career helping Nepalese children and families just like we do. Some of these interns receive college credit for the work performed at Ankur, and in all cases, time spent interning here carries significant prestige in Nepal's mental health community.

Shelter Programs:

Every child's journey begins at home—ideally one that is safe, stable, and led by adults providing love, attention, and guidance as well as necessities like food, clothes, and healthcare. Unfortunately, for many different reasons, children too often find themselves without safe shelter and capable guardians, denying them the sturdy foundation needed for healthy development into a thriving adulthood. In Nepal, the social safety net is extremely limited for these children.

NYF has been providing shelter for children in such circumstances since 1992, when we opened J House, a small home for boys in Kathmandu (K House opened for girls in 1994). Our work has only expanded in the years since.

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June 30, 2021

Shelter Programs (continued):

NYF's **Kinship Care program** keeps children with their families by providing loving, stable family members with the financial scaffolding needed to ensure these children are safe, well-fed, receiving necessary medical care, and most of all, attending school. Our social workers keep in touch with these families, ensuring that the needs of the children are being met, and making any adjustments as needed.

Studies have shown that children displaced from their parents—for any number of reasons—fare better psychologically when cared for by extended family members than they do when placed with strangers or in institutional care. Wherever possible, Kinship Care is NYF's preferred response to such situations. In some situations, Kinship Care also supports children living with single mothers.

When NYF learns of a child experiencing housing insecurity or other similar trouble, our social workers search first for a loving, stable adult in that child's extended family—a grandparent, aunt or uncle, adult sibling, or other person—who wants to provide a home for that child. Keeping a child within this social support network minimizes loss (so children who have lost parents have not lost their entire families, their friends, and their familiar environments as well) as well as maintaining emotional connections and stability. This solution is the least disruptive to a child's development.

Sometimes, despite everyone's best intentions, extended family support is not possible for a child experiencing loss, neglect, housing insecurity, or other hardships. For these children, NYF built Olgapuri Children's Village.

Olgapuri Children's Village ("Olga's little oasis"—a name chosen by the campus's first young residents in 2016) is a beautiful, permanent, family-style home for approximately 80 children aged 2 to 18.

Olgapuri is at the heart of NYF's programming, providing services in all four of our core mission areas: Education, Health, Shelter, and Freedom. The children here come from diverse backgrounds, but each of them has experienced trauma, loss, and the absence of stable parental support. At Olgapuri, NYF ensures that each child receives the holistic family-style care they need to grow into their dreams and realize their great individual potential.

Kids at Olgapuri live in one of four houses—Junior Girls, Senior Girls, Junior Boys, and Senior Boys—each of which has room for 20 individuals. Each house has a set of "parents" (all married couples) who are supported in providing the personalized attention and loving care each child needs.

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Notes to Combined Financial Statements
June 30, 2021

Shelter Programs (continued):

The enclosed Olgapuri campus is staffed by a phenomenal team of passionate, loving men and women, each of whom brings unique skills and experience to the work done here. Children here enjoy facilities like a basketball court, a library, a sprawling vegetable garden, and more to encourage physical and mental well-being.

Olgapuri's young residents are enrolled at some of the best public and private schools in Nepal: Adarsha School, Phoenix School, and Ullens School. Children who are interested may also take music lessons on weekends, and many of the children do.

Ensuring healthy growth and development is a major focus at Olgapuri, whether for children experiencing routine bumps, bruises, and the sniffles, or for those with special health care needs. Fresh, balanced meals are prepared on-site with the support of NYF's team of nutritionists (supplemented with delicious organic milk, eggs, and vegetables from the Olgapuri farm!), and house parents take care to encourage regular exercise and to support age-appropriate hygiene habits.

One of the key services at Olgapuri is the world-class psychological care provided by NYF's Ankur Counseling Center. The children living at Olgapuri have each experienced unique losses and challenges. Many of them, understandably, come to us struggling with issues around trust, abandonment, emotional security, attachment, and more.

Happy childhood memories often grow around recreational and cultural activities within the broader community: art, leisure, sports, festivals, rituals, and more. Many of the children who have grown up in NYF's children's homes look back fondly on the celebrations enjoyed here, identifying these as part of what makes these homes a real family environment. NYF is especially committed to connecting the children to the rest of Nepalese society, their history, and the individual regional cultures they come from.

COVID-19 Pandemic Response

In mid-March 2020, NYF began responding to the COVID-19 crisis. It has leveraged its existing facilities, resources, and expertise to address problems caused by economic instability, especially in Nepal's cities.

Ankur Counseling Center – Using a remote-work model and conducting programming over the telephone and internet, Ankur has established partnerships with local NGOs serving communities impacted by domestic violence during the pandemic. Ankur staff members provide consulting services and crisis management training to individuals working at these NGOs—a service that has led to the

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COVID-19 Pandemic Response

establishment of several crisis hotlines and other resources. Counselors at Ankur have also made mental health services available to frontline health workers throughout Kathmandu Valley to help combat the risk of burnout.

Community Nutrition Kitchens - From June-August 2020, NYF's Community Nutrition Kitchens provided hot, nutritious lunches to children in neighborhoods hard-hit by the government-imposed lockdown. NYF's nutrition experts make sure children in these neighborhoods have access to balanced meals at central locations like closed-down schools.

Lito for Life – Lito, a nutrient-rich “super flour” made of roasted and ground grains, is distributed to the families of construction and industry workers, daily laborers, owners of small private businesses, and many more, all of whom have been unable to earn wages since the lockdowns began in March 2020. Protein- and vitamin-packed Lito allows them to maintain their health for the duration of the pandemic.

Access to Education – During the COVID lockdowns in the summer of 2020, the NYF team became aware that schoolchildren living in rural areas of Nepal were not receiving any schooling at all—and that some parents had begun quickly arranging marriages for their teenage daughters in the hopes that the husbands' families would have better access to food and other necessities.

NYF worked with local school districts, local governments, and another nonprofit specializing in technology solutions to design our Access to Education program—our largest COVID response program.

For Access to Education, NYF provided a large-screen TV, a laptop loaded with Nepal's teaching curriculum for each grade, books and materials, and the teacher training required to help transition school district staff into a “one-room schoolhouse” approach. Access to Education established 80 digital learning centers in three rural municipalities and one additional municipality with limited access to teaching resources between August and November 2020, allowing 9,684 children to continue their education during lockdown. School districts are empowered to transition back to this model if necessary.

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June 30, 2021

COVID-19 Pandemic Response (continued)

When the Access to Education program was launched, many of the teachers had never used a computer before. Their school districts certainly did not have access to them. Though these resources are becoming increasingly commonplace in city schools, rural areas rarely receive the funding necessary to provide cutting-edge opportunities to their students.

School headmasters and teachers are keenly aware that many careers, and many school paths, require some degree of technological know-how. Donated laptops are now being used to create school computer labs, allowing students to begin mastering these critical technologies. The TVs are allowing teachers to present materials in new and exciting ways—opening educational access even more than NYF hoped.

Emergency Lifeline Halfway Home for Women – Many Nepalese young people, working abroad in nearby countries, found themselves stranded when the borders closed in March, unable to work and unable to return home. When the Nepalese government rescued them, a 14-day quarantine was imposed before each could return to their families. From June through July 2020, NYF provided a safe, friendly, women-only quarantine space during this time. These women receive two weeks of housing, safe transportation, PPE, nutritious meals, mental health care, and more until they could return home to their villages.

COVID-19 Isolation Center - After a brief lull in Nepal's COVID crisis during the fall and winter of 2020, the pandemic surged in the spring of 2021, when Nepalese workers in India fled north to escape the rise in cases.

With hospitals overflowing, individuals who had tested positive for the virus were encouraged to isolate at home unless their symptoms were severe enough for hospitalization.

Unfortunately, families all over Nepal often share small, cramped homes, with members of multiple generations present. Creating enough social distance to prevent the spread of COVID-19 is impossible in these circumstances, and entire families were quickly becoming sick, worsening the situation in the hospitals.

Additionally, because COVID-19 can become life-threatening very quickly and has symptoms that are still not fully understood, many people realized too late that they or their loved ones needed urgent medical attention. NYF's president, Som Paneru,

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2021

COVID-19 Pandemic Response (continued)

and our staff members at the Nutritional Rehabilitation Homes and New Life Center knew there must be a way to help their community cope with this surge.

With the advice of local doctors, the team transformed the Kathmandu Valley Nutritional Rehabilitation Home into a 50-bed COVID-19 Isolation Center, including a 4-person high-dependency unit.

The Isolation Center welcomed patients who had tested positive for COVID-19 and could not safely isolate at home. This service protected other members of the household from the virus and allowed sick individuals access to medical staff who could monitor their symptoms—lowering the risk of waiting too long to seek hospital attention. Any patients whose symptoms progressed too alarmingly received focused care in the high-dependency unit until an available hospital bed was confirmed, after which they received an ambulance ride directly to the hospital.

Patients at the COVID-19 Isolation Center received psychological counseling, nutritious meals prepared by the NRH cooking staff, oxygen where needed, and safe space to rest and recover. Guests included young kids from a local children's home and many others eager to protect their families, housemates, and neighbors from the virus. Once individuals were well again and tested negative for the virus, they spoke highly of the care they had received while staying with us. Many were surprised—and very grateful—that the service had been offered free of charge. Their families were relieved to have their loved ones safely home again.

Between April and September 2021, the Isolation Center cared for 244 patients. Of these, five required hospitalizations. With their new COVID-care skills in place, NRH and NLC staff members are prepared to offer this lifesaving service once more to the community if the virus surges again.

Note 1 - Summary of significant accounting policies

Basis of accounting

NYF prepares its financial statements using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). NYF records revenues when earned and expenses when incurring the related obligations.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2021

Note 1 - Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents consist of amounts on hand and on deposit with a commercial bank, available within 90 days of demand.

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, 2021, NYF set aside \$59,288 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 exchange traded funds, mutual funds, debt and equity securities and cash held for investment purposes. One registered investment company (custodian) holds all investments. NYF reports the fair value of investments in exchange traded funds, mutual funds, debt and equity securities with readily determinable fair values. NYF reports all other investments at cost.

Net investment return consists of interest, dividends, realized gains and losses and unrealized appreciation and depreciation, net of custodian and investment management fees. NYF recognizes net investment return when earned.

Grants receivable

Grants receivable, all due within one year, 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.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2021

Note 1 - Summary of significant accounting policies (continued)

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 June 4, 2018, 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. Certain paintings and works of art donated to NYF with a carrying cost of \$33,150 at June 30, 2021, are not depreciated because they are considered to be inexhaustible.

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.

Net assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Trustees of NYF may designate some net assets without donor restrictions for certain purposes. Accordingly, NYF segregates its unrestricted net assets between designated and undesignated.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. As of June 30, 2021 and 2020, NYF did not have net assets that are perpetual in nature. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2021

Note 1 - Summary of significant accounting policies (continued)

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. 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. Management believes that NYF has adequately addressed all tax positions and that there are no unrecorded tax liabilities. Tax years 2017 to 2020 are open for examination by the Internal Revenue Service and years 2016 to 2020 by the California Franchise Tax Board.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2021

Note 1 - Summary of significant accounting policies (continued)

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, 2021.

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. NYF manages risk to its investments by periodically reviewing investments for compliance with their investment policy and investment returns for comparability to the general market and specific investment class returns.

Grants receivable are subject to collection risk. Collection risk is the probability that the financial condition of the donor may change, reducing or eliminating the subsequent collection of grants receivable.

During the year ended June 30, 2021, no foundations provided contributions totaling a significant concentration of total support and revenue. During the year ended June 30, 2020, one foundation provided contributions totaling of 11% of support and revenue.

NYF receives certain support and revenue that may be subject to audit or review by the donors. The management of NYF believes that NYF complied with all aspects of the related grant provisions and that disallowed costs, if any, would be immaterial to the financial position of NYF.

Comparative totals

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. The prior-year information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, the information should be read in conjunction with NYF's complete financial statements for the year ended June 30, 2020 from which the summarized information was derived. NYF reclassified certain prior year amounts to conform to the current year presentation.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2021

Note 1 - Summary of significant accounting policies (continued)

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 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 uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, NYF measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. NYF only uses Level 3 inputs when Level 1 or Level 2 inputs are not available.

Subsequent events

NYF evaluated subsequent events for recognition and disclosure through March 14, 2022, the date to which these financial statements were available to be issued and concluded that no material subsequent events have occurred since June 30, 2021 that required recognition or disclosure in such financial statements.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2021

Note 2 – Investments

As of June 30, 2021, investments totaled as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Cash and cash equivalents	\$ 448,210	\$ -	\$ -
Exchange traded funds	296,091	296,091	-
Mutual funds			
Bond funds	151,465	151,465	-
Equity funds	<u>227,012</u>	<u>227,012</u>	<u>-</u>
Total mutual funds	378,477	378,477	-
Debt securities			
Municipal bond	<u>41,000</u>	<u>-</u>	<u>41,000</u>
Total debt securities	41,000	-	41,000
Equity securities			
Domestic	1,075,268	1,075,268	-
Foreign	<u>64,779</u>	<u>64,779</u>	<u>-</u>
Total equity securities	<u>1,140,047</u>	<u>1,140,047</u>	<u>-</u>
Total	<u><u>\$ 2,303,825</u></u>	<u><u>\$ 1,814,615</u></u>	<u><u>\$ 41,000</u></u>

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2021

Note 2 – Investments (continued)

As of June 30, 2020, investments totaled as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Cash and cash equivalents	\$ 179,528	\$ -	\$ -
Exchange traded funds	298,160	298,160	-
Mutual funds			
Bond funds	254,158	254,158	-
Equity funds	<u>143,207</u>	<u>143,207</u>	<u>-</u>
Total mutual funds	397,365	397,365	-
Debt securities			
Municipal bond	<u>42,563</u>	<u>-</u>	<u>42,563</u>
Total debt securities	42,563	-	42,563
Equity securities			
Domestic	740,933	740,933	-
Foreign	<u>69,733</u>	<u>69,733</u>	<u>-</u>
Total equity securities	<u>810,666</u>	<u>810,666</u>	<u>-</u>
Total	<u><u>\$ 1,728,282</u></u>	<u><u>\$ 1,506,191</u></u>	<u><u>\$ 42,563</u></u>

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2021

Note 2 – Investments (continued)

During the years ended June 30, 2021 and 2020, investment income totaled as follows:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 31,579	\$ 44,755
Net realized and unrealized appreciation	391,763	49,979
Custodial fees	<u>(17,967)</u>	<u>(18,018)</u>
Net investment return	<u>\$ 405,375</u>	<u>\$ 76,716</u>

Note 3 – Grants receivable

Grants receivable as of June 30, 2021 and 2020, total as follows:

<u>Donor</u>	<u>2021</u>	<u>2020</u>
Hawk Rock Foundation	\$ 75,000	\$ -
Gilead Sciences	-	75,000
Ralph J. Parker	8,002	-
Skip and Leilani Stritter	5,000	-
Donors under \$5,000	<u>500</u>	<u>-</u>
	<u>\$ 88,502</u>	<u>\$ 75,000</u>

Note 4 – Paycheck Protection Program grant

On May 11, 2020, NYF was granted a \$69,730 loan under the Paycheck Protection Program (PPP) which was established under the Coronavirus Aid, Relief, and Economic Security “CARES” Act administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and was fully guaranteed by the Federal government. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loan proceeds granted under PPP. Such forgiveness will be determined based on the use of the loan proceeds for payroll costs, rent and utility expenses and the maintenance of workforce and compensation levels with certain limitations.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2021

Note 4 – Paycheck Protection Program grant (continued)

At June 30, 2020, NYF recorded the PPP loan as a refundable advance and at June 30, 2021, NYF recognized the loan as grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barriers and right of return of the PPP no longer existed. On April 28, 2021, NYF was notified that its PPP loan was approved for full forgiveness by the SBA.

Note 5 – Net assets with donor restrictions

As of and during the year ended June 30, 2021, net assets with donor restrictions reconcile as follows:

<u>Activity</u>	<u>2020</u>	<u>Reallocation</u>	<u>Additions</u>	<u>Releases</u>	<u>2021</u>
Children's Homes	\$ -	\$ -	\$ 121,119	\$ 121,119	\$ -
Liberating Girls from Indentured Servitude	-	-	8,395	8,395	-
Nutritional Rehabilitation Homes	93,688	-	10,117	63,018	40,787
Schools and Scholarships	148,286	43,105	159,547	235,465	115,473
Vocational Counseling	-	-	108,998	108,998	-
Emergency Fund	1,025,352	-	240,597	110,000	1,155,949
Earthquake Disaster Relief	165,475	(82,402)	-	35,682	47,391
Kinship Care EQ Long Term	-	39,297	10,242	49,539	-
Flood Relief	1,771	-	-	1,771	-
COVID -19	46,108	-	148,478	187,778	6,808
Other programs	-	-	10,977	10,977	-
Book and Video Project	15,268	-	-	-	15,268
	<u>\$ 1,495,948</u>	<u>\$ -</u>	<u>\$ 818,470</u>	<u>\$ 932,742</u>	<u>\$ 1,381,676</u>

Note 6 – 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.

Eligible employees vest in their share of the retirement plan benefit after completing five years of service. As of June 30, 2021, the estimated retirement plan benefit liability was \$22,788 (2020 - \$26,056).

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2021

Note 7 – Founder’s Day

NYF held its annual special event called Founder’s Day on June 6, 2021. During the year ended June 30, 2021, NYF recorded \$135,907 in gross receipts and \$0 in direct donor benefit costs, resulting in net special event revenue of \$135,907.

Note 8 – Commitments and contingencies

NYF leases office space in San Francisco, California. The office space is under an annual lease that expires on April 2, 2022 with an automatic option to extend for one year. Rental expense for office and program facilities for the year ended June 30, 2021 was \$50,688 (2020 - \$55,196). Required future minimum lease payments due during the year ending June 30, 2022 and 2023 total \$11,064 and \$8,298, respectively.

Under its Agreement with the Social Welfare Council of the Government of Nepal, NYF must invest a minimum of \$2,000,000 annually in its programs and projects in Nepal through June 4, 2023.

NYF has been advised that it will be the recipient of proceeds from a trust totaling approximately \$250,000. The amount has not been included in the accompanying financial statements and will not be included until received.

Note 9 – Liquidity and availability of financial assets

The following reflects NYF’s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2021

Note 9 – Liquidity and availability of financial assets (continued)

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 687,125	\$ 866,714
Investments	2,303,825	1,728,282
Receivables	<u>88,502</u>	<u>75,000</u>
	3,079,452	2,669,996
Less those unavailable for general expenditures within one year, due to:		
Donor restricted for specific purpose	<u>1,155,949</u>	<u>1,025,352</u>
	<u>\$ 1,923,503</u>	<u>\$ 1,644,644</u>

As part of its liquidity management, NYF invests cash in excess of daily requirements in various mutual funds, debt and equity securities.