

Nepal Youth Foundation

Combined Financial Statements

Year ended June 30, 2022

with

Report of Independent Auditors



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Report of Independent Auditors

To the Board of Directors
of the Nepal Youth Foundation

Opinion

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, 2022, 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.

In our opinion, based on our audit and the report of the 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, 2022, 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 of America.

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 \$205,477 as of June 30, 2022, total support and revenues of \$74,677 and total expenses of \$1,772,686 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Nepal Youth Foundation and affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Nepal Youth Foundation's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Nepal Youth Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nepal Youth Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit

Report on Summarized Comparative Information

We have previously audited the financial statements of the Nepal Youth Foundation as of and for the year ended June 30, 2021, and in our report dated March 14, 2022, we expressed an unmodified opinion. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

WMB², LLP

WMB², LLP
Larkspur, California
April 27, 2023

Nepal Youth Foundation
Combined Statement of Financial Position
As of June 30, 2022 with comparative totals only as of June 30, 2021

	U.S.A.	Nepal	2022 Totals	2021 Totals
Assets				
Current assets				
Cash and cash equivalents	\$ 340,744	\$ 198,268	\$ 539,012	\$ 687,125
Short-term investments	1,631,140	-	1,631,140	1,147,876
Contributions receivable	126,166	-	126,166	88,502
Prepaid expenses	2,652	-	2,652	5,396
Total current assets	2,100,702	198,268	2,298,970	1,928,899
Non-current assets				
Long-term investments	1,092,599	-	1,092,599	1,155,949
Contributions receivable - long term	59,863	-	59,863	-
Property and equipment, net	18,513	-	18,513	-
Other assets	33,150	-	33,150	33,150
Deposits	860	7,209	8,069	1,412
Total non-current assets	1,204,985	7,209	1,212,194	1,190,511
Total assets	\$ 3,305,687	\$ 205,477	\$ 3,511,164	\$ 3,119,410
Liabilities and net assets				
Current liabilities				
Accounts payable	\$ 4,938	\$ 66,888	\$ 71,826	\$ 44,101
Accrued expenses	31,842	-	31,842	31,285
Total current liabilities	36,780	66,888	103,668	75,386
Long-term liabilities				
Pension liability	-	14,128	14,128	22,788
Total liabilities	36,780	81,016	117,796	98,174
Net assets				
Without donor restrictions	1,739,951	124,461	1,864,412	1,639,560
With donor restrictions	1,528,956	-	1,528,956	1,381,676
Total net assets	3,268,907	124,461	3,393,368	3,021,236
Total liabilities and net assets	\$ 3,305,687	\$ 205,477	\$ 3,511,164	\$ 3,119,410

See accompanying notes.

Nepal Youth Foundation
 Combined Statement of Activities and Changes in Net Assets
 For the year ended June 30, 2022 with comparative totals only for the year ended June 30, 2021

	Without donor restrictions		With donor Restrictions		2022 Totals	2021 Totals
	U.S.A.	Nepal	U.S.A.			
Support and revenue						
Grants and contributions	\$ 1,937,169	\$ 10,506	\$ 957,785	\$ 2,905,460	\$ 2,244,606	
Paycheck Protection Program grant	-	-	-	-	69,730	
Net investment (loss) return	(368,320)	-	11,650	(356,670)	405,375	
Special event, net of direct donor benefit costs of \$0	135,466	-	-	135,466	135,907	
Net assets released from activity restrictions	757,984	64,171	(822,155)	-	-	
Total support and revenue	2,462,299	74,677	147,280	2,684,256	2,855,618	
Expenses						
Program services	75,710	1,668,644	-	1,744,354	1,785,833	
Supporting services						
Management & Administration	209,382	51,408	-	260,790	240,700	
Fundraising	254,346	52,634	-	306,980	293,548	
Total expenses	539,438	1,772,686	-	2,312,124	2,320,081	
Change in net assets	1,922,861	(1,698,009)	147,280	372,132	535,537	
Transfers of net assets	(1,736,286)	1,736,286	-	-	-	
Net assets, beginning of year	1,553,376	86,184	1,381,676	3,021,236	2,485,699	
Net assets, end of year	\$ 1,739,951	\$ 124,461	\$ 1,528,956	\$ 3,393,368	\$ 3,021,236	

See accompanying notes.

Nepal Youth Foundation

Combined Statement of Functional Expenses

For the year ended June 30, 2022 with comparative totals only for the year ended June 30, 2021

Expenses	Program Services		Management & Admin		Supporting Services		2022 Totals	2021 Totals
	U.S.A	Nepal	U.S.A	Nepal	Fundraising			
					U.S.A	Nepal		
Salaries	\$ 60,652	\$ 82,605	\$ 89,642	\$ 33,115	\$ 159,874	\$ 45,169	\$ 471,057	\$ 466,911
Payroll taxes and benefits	8,359	11,035	19,093	5,391	24,957	5,999	74,834	68,170
Professional fees	142	4,275	71,024	1,075	25,591	-	102,107	91,671
Occupancy	2,135	-	3,877	1,355	7,473	-	14,840	50,688
Communications	1,842	-	3,346	1,153	6,451	831	13,623	17,310
Postage and shipping	329	-	780	-	1,152	-	2,261	3,041
Supplies	6	137	7,188	450	22	-	7,803	1,543
Equipment rental and maintenance	61	-	112	996	216	-	1,385	1,098
Insurance	469	-	3,636	643	1,641	-	6,389	6,336
Taxes, licenses and dues	-	-	4,482	1,568	230	-	6,280	2,532
Bank fees	-	-	2,201	1	8,895	-	11,097	12,583
Printing and publications	1,059	-	1,923	68	13,867	-	16,917	15,705
Travel	656	29	1,190	3,669	2,294	-	7,838	2,839
Promotion	-	-	-	801	-	594	1,395	2,930
Staff development	-	-	888	-	-	-	888	-
Grants	-	1,578,289	-	-	-	-	1,578,289	1,579,640
Direct client support	-	310	-	-	-	-	310	163
Depreciation and amortization	-	-	-	-	1,683	-	1,683	1,566
Miscellaneous	-	(8,036)	-	1,123	-	41	(6,872)	(4,645)
Total expenses	\$ 75,710	\$ 1,668,644	\$ 209,382	\$ 51,408	\$ 254,346	\$ 52,634	\$ 2,312,124	\$ 2,320,081

See accompanying notes.

Nepal Youth Foundation

Combined Statement of Cash Flows

For the year ended June 30, 2022 with comparative totals only for the year ended June 30, 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 372,132	\$ 535,537
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Contributed investments	(321,658)	(211,068)
Realized and unrealized loss (gain) on investments	416,071	(391,763)
Depreciation and amortization	1,683	1,566
Changes in current assets and liabilities		
Contributions receivable	(97,527)	(13,502)
Prepaid expenses	2,744	4,122
Accounts payable	27,725	(84,773)
Accrued expenses	557	24,663
Grant advance - Paycheck Protection Program	-	(69,730)
Net cash provided (used) by operating activities	401,727	(204,948)
Cash flows from investing activities		
Purchase of investments	(1,337,150)	(498,890)
Proceeds from sale of investments	822,823	526,178
Purchase of equipment	(20,196)	-
Net change in deposits	(6,657)	1,339
Net change in pension liability	(8,660)	(3,268)
Net cash (used) provided by investing activities	(549,840)	25,359
Change in cash and cash equivalents	(148,113)	(179,589)
Cash and cash equivalents, beginning of year	687,125	866,714
Cash and cash equivalents, end of year	\$ 539,012	\$ 687,125

See accompanying notes.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2022

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 Nepali 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, carpentry, and industrial tailoring (growth sectors in Nepal’s economy and 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.

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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.

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.)

In the spring of 2022, NYF prepared to launch the **Educating Dalit Lawyers program (or EDL)**, an enriched law school scholarship program designed especially for graduating high schoolers from Nepal’s Dalit community, formerly known as the “untouchable” castes. These bright young scholars have grown up watching their communities and families experience caste-based discrimination and injustice. From their earliest days, they’ve heard damaging messages about themselves, and have endured small and large acts of systemic oppression. Each knows countless stories of violence, neglect, and exploitation of people just like them. NYF will begin recruiting potential candidates in the summer of 2022. Students in this program will receive:

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Education Programs (continued)

1. **Full-ride scholarship support** as they pursue Nepal's 5-year Bachelor of Legislative Law, or LLB, degree (the degree required to become a lawyer in Nepal) in some of Nepal's best colleges;
2. **Accommodation and food stipends;**
3. Extracurricular opportunities including **fieldwork** and **participation in human rights programs;**
4. **Mentorship opportunities with successful human rights lawyers;**
5. **Leadership training;**
6. Opportunities to **observe Nepal's legal system in action;**
7. **Introductions to legislators and other Nepali leaders;**
8. Internship placement support.

Support will continue as students **prepare for and sit for the Nepali Bar Exam.**

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 Nepali 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.

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.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2022

Health Programs (continued)

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.

All but one of the 17 NRHs built by NYF are now funded and run entirely by the Nepali 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. This facility is funded by donations and grants.

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.

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.

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.

Nepal Youth Foundation
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Health Programs (continued)

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.

In 2021-2022, the New Life Center undertook a new **HIV/AIDS Awareness & Advocacy** initiative, which is providing educational materials to families living with the virus, sharing public service announcements over popular radio stations, and encouraging open communication about this virus in communities throughout Nepal.

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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 Nepali 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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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 up to 80 children aged 2 to 18 at a time.

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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June 30, 2022

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 Nepali 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.

During 2021-2022, a few of these programs were still running. All have since concluded.

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

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June 30, 2022

COVID-19 Pandemic Response

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.

By the end of June 2022, Lito for Life had grown into a larger food distribution program, providing robust food packages to families, orphanages, care facilities, maternity wards, hospitals, and more. Packages included bulk staples like potatoes, rice, legumes, spices, eggs, and more.

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 Nepali 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. 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

Nepal Youth Foundation
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June 30, 2022

COVID-19 Pandemic Response (continued)

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.

The Isolation Center ran from April-September 2021 and from December 2021-January 2022. 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.

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.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2022

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, 2022, NYF set aside \$72,788 included with cash and cash equivalents, 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 (loss) 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 (loss) when earned.

Contributions receivable

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities.

Allowance for uncollectible receivables

NYF uses the allowance method to account for uncollectible receivables. Under this method, NYF reviews all receivables for any problems with collectability. If NYF feels that there may be a problem with collections, an allowance is provided for the receivable. When attempts to collect a specific receivable are unsuccessful, the account is considered uncollectible and is written off against the allowance. As of June 30, 2022 and 2021, the management of NYF concluded that an allowance for doubtful accounts was not material to the financial position of NYF.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2022

Note 1 - Summary of significant accounting policies (continued)

Property and 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 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.

Other assets

Certain paintings and works of art donated to NYF with a carrying cost of \$33,150 at June 30, 2022, are not depreciated because they are considered to be inexhaustible.

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. As of June 30, 2022, NYF did not hold any board designated net assets.

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, 2022 and 2021, 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, 2022

Note 1 - Summary of significant accounting policies (continued)

Revenue recognition

NYF recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Special events

Special events revenue, net of direct donor benefit costs, is recognized when the fundraising event takes place.

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.

Income taxes

The Internal Revenue Service (IRS) and State of California Franchise Tax Board (FTB) approved NYF as exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code (IRC) and from California bank and corporation taxes under section 23701(d) of the California Revenue and Taxation Code, respectively. In addition, NYF qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A) and has been classified as a publicly supported organization as described in IRC Section 509(a)(1). 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 U.S. GAAP relating to the accounting for uncertainty in income taxes. Management believes that NYF has adequately addressed of tax positions and that there are no unrecorded tax liabilities.

NYF files information returns with the IRS and the FTB. The IRS is generally open to examination three years after filing and the FTB is open to examination four years after filing.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2022

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.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, actual results may vary from estimates.

Concentrations, credit and market risk

Cash and cash equivalents held by one commercial bank exceeded federal deposit insurance limits at various times during the years ended June 30, 2022 and 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.

Contributions 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 contributions receivable.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2022

Note 1 - Summary of significant accounting policies (continued)

Concentrations, credit and market risk (continued)

During the year ended June 30, 2022, one trust provided contributions totaling 11% of support and revenue. There were no concentrations during the year ended June 30, 2021.

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 U.S. GAAP. Accordingly, the information should be read in conjunction with NYF's complete financial statements for the year ended June 30, 2021 from which the summarized information was derived.

Subsequent events

NYF evaluated subsequent events for recognition and disclosure through April 27, 2023, the date to which these financial statements were available to be issued and concluded that no material subsequent events have occurred since June 30, 2022 that required recognition or disclosure in such financial statements.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2022

Note 2 – Investments

As of June 30, 2022, investments totaled as follows:

	<u>Total</u>	<u>Level 1</u>
Cash and cash equivalents	\$ 842,491	\$ -
Exchange traded funds	380,873	380,873
Mutual funds		
Bond funds	267,629	267,629
Equity funds	<u>102,293</u>	<u>102,293</u>
Total mutual funds	369,922	369,922
Equity securities		
Domestic	1,063,889	1,063,889
Foreign	<u>66,564</u>	<u>66,564</u>
Total equity securities	<u>1,130,453</u>	<u>1,130,453</u>
Total	<u><u>\$ 2,723,739</u></u>	<u><u>\$ 1,881,248</u></u>

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2022

Note 2 – Investments (continued)

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>\$ 2,303,825</u>	<u>\$ 1,814,615</u>	<u>\$ 41,000</u>

During the years ended June 30, 2022 and 2021, investment (loss) return totaled as follows:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 80,013	\$ 31,579
Net realized and unrealized (loss) gain	(416,071)	391,763
Custodial fees	<u>(20,612)</u>	<u>(17,967)</u>
Net investment (loss) return	<u>\$ (356,670)</u>	<u>\$ 405,375</u>

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2022

Note 3 – Contributions receivable

Contributions receivable as of June 30, 2022 and 2021 total as follows:

Receivable in less than one year	\$ 126,166	\$ 88,502
Receivable in one to five years	<u>66,000</u>	<u>-</u>
	192,166	88,502
Less discount to net present value at rates ranging from 2.8% to 3.0%	<u>(6,137)</u>	<u>-</u>
	<u>\$ 186,029</u>	<u>\$ 88,502</u>

At June 30, 2022, three donors accounted for 63% of total contributions receivable.

At June 30, 2021, one donor accounted for 85% of total contributions receivable.

Note 4 – Net assets with donor restrictions

As of and during the year ended June 30, 2022, net assets with donor restrictions reconcile as follows:

<u>Activity</u>	<u>2021</u>	<u>Additions</u>	<u>Releases</u>	<u>2022</u>
Children's Homes	\$ -	\$ 155,719	\$ 155,719	\$ -
Liberating Girls from Indentured Servitude	-	8,402	6,002	2,400
Nutritional Rehabilitation Homes	40,787	50,458	80,522	10,723
Schools and Scholarships	115,473	376,305	211,426	280,352
Vocational Counseling	-	165,745	125,745	40,000
Emergency Fund	1,155,949	11,650	75,000	1,092,599
Earthquake Disaster Relief	47,391	-	35,090	12,301
Kinship Care EQ Long Term	-	16,995	16,995	-
COVID -19	6,808	12,922	19,417	313
Other programs	-	16,239	16,239	-
Book and Video Project	15,268	-	-	15,268
Time Restricted	-	155,000	80,000	75,000
	<u>\$ 1,381,676</u>	<u>\$ 969,435</u>	<u>\$ 822,155</u>	<u>\$ 1,528,956</u>

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2022

Note 4 – Net assets with donor restrictions (continued)

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 5 – 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, 2022, the estimated retirement plan benefit liability was \$14,128 (2021 - \$22,788).

Note 6 – Founder's Day

NYF held its annual special event called Founder's Day on June 7, 2022. During the year ended June 30, 2022, NYF recorded \$135,466 in gross receipts and \$0 in direct donor benefit costs, resulting in net special event revenue of \$135,466.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2022

Note 7 – Commitments and contingencies

NYF leases office space in San Francisco, California. The office space was under an annual lease that expired on April 2, 2022 with an automatic option to extend for one year. Rental expense for office and program facilities for the years ended June 30, 2022 and 2021 was \$14,840 and \$50,688, respectively. Required future minimum lease payments due during the year ending June 30, 2023 total \$10,098.

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 is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. NYF's share of such bequests is recorded when the probate courts declare the testamentary instrument valid and the proceeds are measurable.

Note 8 – 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.

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 539,012	\$ 687,125
Investments	2,723,739	2,303,825
Receivables	186,029	88,502
	3,448,780	3,079,452
Less those unavailable for general expenditures within one year, due to:		
Donor restricted for specific purpose	1,092,599	1,155,949
Time restricted donations	59,863	-
	<u>\$2,296,318</u>	<u>\$ 1,923,503</u>

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