

Nepal Youth Foundation
Combined Financial Statements
Year ended June 30, 2023
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, 2023, 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, 2023, 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 \$125,081 as of June 30, 2023, total support and revenues of \$76,307 and total expenses of \$1,999,874 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.

Change in Accounting Principle

As discussed in Note 12 to the financial statements, Nepal Youth Foundation has changed its method of accounting for leases as of July 1, 2022 due to the adoption of ASU 2016-02, *Leases (Topic 842)*. In addition, as noted in Note 12, Nepal Youth Foundation has adopted ASU 2020-07 *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to these matters.

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, 2022, and in our report dated April 27, 2023, we expressed an unmodified opinion. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

WMB², LLP

WMB², LLP
Larkspur, California
May 16, 2024

Nepal Youth Foundation
Combined Statement of Financial Position
As of June 30, 2023 with comparative totals only as of June 30, 2022

	U.S.A.	Nepal	2023 Totals	2022 Totals
Assets				
Current assets				
Cash and cash equivalents	\$ 532,977	\$ 124,196	\$ 657,173	\$ 539,012
Short-term investments	1,666,747	-	1,666,747	1,681,140
Contributions receivable	152,648	-	152,648	126,166
Prepaid expenses	9,085	-	9,085	2,652
Total current assets	2,361,457	124,196	2,485,653	2,348,970
Non-current assets				
Long-term investments	1,050,983	-	1,050,983	1,042,599
Contributions receivable - long term	88,557	-	88,557	59,863
Property and equipment, net	16,778	-	16,778	18,513
Operating lease right-of-use asset	34,102	-	34,102	-
Other assets	33,150	-	33,150	33,150
Deposits	860	885	1,745	8,069
Total non-current assets	1,224,430	885	1,225,315	1,162,194
Total assets	\$ 3,585,887	\$ 125,081	\$ 3,710,968	\$ 3,511,164
Liabilities and net assets				
Current liabilities				
Accounts payable	\$ 8,427	\$ 3,955	\$ 12,382	\$ 71,826
Accrued expenses	17,318	-	17,318	31,842
Operating lease liability	12,636	-	12,636	-
Total current liabilities	38,381	3,955	42,336	103,668
Long-term liabilities				
Long-term operating lease liability	23,006	-	23,006	-
Pension liability	-	18,114	18,114	14,128
Total long-term liabilities	23,006	18,114	41,120	14,128
Total liabilities	61,387	22,069	83,456	117,796
Net assets				
Without donor restrictions	2,113,230	103,012	2,216,242	1,864,412
With donor restrictions	1,411,270	-	1,411,270	1,528,956
Total net assets	3,524,500	103,012	3,627,512	3,393,368
Total liabilities and net assets	\$ 3,585,887	\$ 125,081	\$ 3,710,968	\$ 3,511,164

See accompanying notes.

Nepal Youth Foundation
Combined Statement of Activities and Changes in Net Assets
For the year ended June 30, 2023 with comparative totals only for the year ended June 30, 2022

	Without donor restrictions		With donor Restrictions		2023 Totals	2022 Totals
	U.S.A.	Nepal	U.S.A.			
Support and revenue						
Grants and contributions	\$ 1,395,338	\$ 9,895	\$ 942,007		\$ 2,347,240	\$ 2,905,460
Net investment return (loss)	199,627	-	8,385		208,012	(356,670)
Special event, net of direct donor benefit costs of \$21,041	248,393	-	-		248,393	135,466
In-kind contributions	38,247	5,500	-		43,747	-
Net assets released from activity restrictions	1,007,166	60,912	(1,068,078)		-	-
Total support and revenue	2,888,771	76,307	(117,686)		2,847,392	2,684,256
Expenses						
Program services	91,508	1,862,981	-		1,954,489	1,744,354
Supporting services						
Management & Administration	211,732	65,202	-		276,934	260,790
Fundraising	310,134	71,691	-		381,825	306,980
Total expenses	613,374	1,999,874	-		2,613,248	2,312,124
Change in net assets	2,275,397	(1,923,567)	(117,686)		234,144	372,132
Transfers of net assets	(1,902,118)	1,902,118	-		-	-
Net assets, beginning of year	1,739,951	124,461	1,528,956		3,393,368	3,021,236
Net assets, end of year	\$ 2,113,230	\$ 103,012	\$ 1,411,270		\$ 3,627,512	\$ 3,393,368

See accompanying notes.

Nepal Youth Foundation
Combined Statement of Functional Expenses

For the year ended June 30, 2023 with comparative totals only for the year ended June 30, 2022

Expenses	Program Services			Supporting Services			2023 Totals
	Management & Admin		Fundraising		2022 Totals		
	U.S.A.	Nepal	U.S.A.	Nepal			
	\$	\$	\$	\$	\$	\$	
Salaries	22,699	96,109	85,477	37,629	203,849	46,201	491,964
Payroll taxes and benefits	2,365	13,308	28,755	6,032	19,763	7,644	77,867
Professional fees	62,279	4,431	68,597	1,167	18,590	2,903	157,967
Occupancy	1,228	-	4,688	1,209	11,958	-	19,083
Communications	616	-	2,352	1,129	5,997	421	10,515
Cloud services	49	-	187	-	50	-	286
Postage and shipping	135	-	516	-	1,316	-	1,967
Supplies	78	31	8,097	1,543	1,242	479	11,470
Equipment rental and maintenance	-	-	-	1,749	-	34	1,783
Insurance	202	-	3,577	626	1,973	155	6,533
Taxes, licenses and dues	9	-	234	1,703	875	-	2,821
Bank fees	-	-	1,369	-	10,545	-	11,914
Printing and publications	208	-	795	10	16,796	46	17,855
Travel	1,050	1,104	4,135	5,020	11,433	11,616	34,358
Promotion	-	42	-	16	-	2,192	2,250
Staff development	128	-	1,187	-	1,243	-	2,558
Grants	-	1,734,452	-	-	-	-	1,734,452
Direct client support	-	1,441	-	-	-	-	1,441
Depreciation and amortization	462	-	1,766	-	4,504	-	6,732
Miscellaneous	-	12,063	-	7,369	-	-	19,432
Total expenses	\$ 91,508	\$1,862,981	\$ 211,732	\$ 65,202	\$ 310,134	\$ 71,691	\$2,613,248
							\$2,312,124

See accompanying notes.

Nepal Youth Foundation
Combined Statement of Cash Flows

For the year ended June 30, 2023 with comparative totals only for the year ended June 30, 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 234,144	\$ 372,132
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contributed investments	134,252	(321,658)
Realized and unrealized loss (gain) on investments	(168,115)	416,071
Depreciation and amortization	6,732	1,683
Amortization of discount on promises to give	1,306	-
Non cash portion of the lease expense for operating leases	11,718	-
Changes in current assets and liabilities		
Contributions receivable	(56,482)	(97,527)
Prepaid expenses	(6,433)	2,744
Accounts payable	(59,444)	27,725
Accrued expenses	(14,524)	557
Repayment of lease liability - operating lease	(10,178)	-
Net cash provided by operating activities	72,976	401,727
Cash flows from investing activities		
Purchase of investments	(2,030,110)	(1,337,150)
Proceeds from sale of investments	2,069,982	822,823
Purchase of equipment	(4,997)	(20,196)
Net change in deposits	6,324	(6,657)
Net change in pension liability	3,986	(8,660)
Net cash (used) provided by investing activities	45,185	(549,840)
Change in cash and cash equivalents	118,161	(148,113)
Cash and cash equivalents, beginning of year	539,012	687,125
Cash and cash equivalents, end of year	\$ 657,173	\$ 539,012
Noncash investing and financing activities		
Establishing of operating right-of-use asset	\$ 45,820	\$ -
Establishing of operating lease liability	47,920	-

See accompanying notes.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2023

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.

Nepal Youth Foundation
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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:

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2023

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, 2023

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
Notes to Combined Financial Statements
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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 2022-2023, 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.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2023

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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June 30, 2023

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.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2023

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 2022-2023, 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

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2023

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 2023, 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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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 combined 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, 2023

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, 2023 and 2022 NYF set aside \$87,198 and \$72,788, respectively, 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, real estate investment trust, 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, real estate investment trust, 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, 2023 and 2022, 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, 2023

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, 2023, 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.

Right-of-use assets and lease liabilities

Lease liabilities are initially measured at the present value of minimum lease payments using a risk-free rate that approximates the remaining term of the lease. The right-of-use asset is the lease liability adjusted for other lease-related accounts. Management considers the likelihood of exercising renewal or termination clauses (if any) in measuring NYF's right-of-use assets and lease liabilities. Lease and non-lease components (if any) are accounted for separately when determining the payments for the office lease class of assets. Operating lease expense is allocated over the remaining lease term on a straight-line basis.

NYF considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed over the remaining lease term, with no corresponding right-of-use asset or lease liability.

Other assets

Certain paintings and works of art donated to NYF with a carrying cost of \$33,150 at June 30, 2023, 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:

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2023

Note 1 - Summary of significant accounting policies (continued)

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 Directors of NYF may designate some net assets without donor restrictions for certain purposes. As of June 30, 2023 and 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, 2023 and 2022, NYF did not have net assets that are perpetual in nature. NYF reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. NYF reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period.

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. As of June 30, 2023, there were no conditional contributions.

Special events

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

In-kind contributions

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services are recognized when received if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2023

Note 1 - Summary of significant accounting policies (continued)

Contributed nonfinancial assets include donated professional services, donated toys, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (see Note 7). NYF does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, NYF receives a significant amount of donated services from unpaid volunteers who assist in program services, administration, and fundraising. No donated services from unpaid volunteers have been recognized in the statement of activities because the criteria for recognition have not been satisfied.

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 all 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.

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.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2023

Note 1 - Summary of significant accounting policies (continued)

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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

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, 2023 and 2022.

Investments held by one registered investment company exceeded securities investor protection corporation limits at various times during the years ended June 30, 2023 and 2022. 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. NYF continually monitors its receivables and establishes valuation reserves as considered appropriate.

During the year ended June 30, 2022, one trust provided contributions totaling 11% of total support and revenue. There were no concentrations during the year ended June 30, 2023.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2023

Note 1 - Summary of significant accounting policies (continued)

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, 2022 from which the summarized information was derived.

Note 2 – Investments

As of June 30, 2023, investments totaled as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>
Cash and cash equivalents	\$ 301,261	\$ -	\$ -
Exchange traded funds	230,639	230,639	-
Real estate investment trust			
Publicly traded funds	24,438	24,438	-
Mutual funds			
Bond funds	74,377	74,377	-
Equity funds	161	161	-
Total mutual funds	<u>74,538</u>	<u>74,538</u>	<u>-</u>
Debt securities			
U.S. Treasuries	95,681	-	95,681
Corporate bonds	745,917	-	745,917
Municipal bonds	100,278	-	100,278
Total debt securities	<u>941,876</u>	<u>-</u>	<u>941,876</u>
Equity securities			
Domestic	1,080,990	1,080,990	-
Foreign	63,988	63,988	-
Total equity securities	<u>1,144,978</u>	<u>1,144,978</u>	<u>-</u>
Total	<u>\$ 2,717,730</u>	<u>\$ 1,474,593</u>	<u>\$ 941,876</u>

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2023

Note 2 – Investments (continued)

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	102,293	102,293
Total mutual funds	<u>369,922</u>	<u>369,922</u>
Equity securities		
Domestic	1,063,889	1,063,889
Foreign	66,564	66,564
Total equity securities	<u>1,130,453</u>	<u>1,130,453</u>
Total	<u>\$ 2,723,739</u>	<u>\$ 1,881,248</u>

During the years ended June 30, 2023 and 2022, investment return (loss) totaled as follows:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 60,901	\$ 80,013
Net realized and unrealized gain (loss)	168,115	(416,071)
Custodial fees	<u>(21,004)</u>	<u>(20,612)</u>
Net investment return (loss)	<u>\$ 208,012</u>	<u>\$ (356,670)</u>

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2023

Note 3 – Contributions receivable

Contributions receivable as of June 30, 2023 and 2022 total as follows:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 152,648	\$ 126,166
Receivable in one to five years	<u>96,000</u>	<u>66,000</u>
	248,648	192,166
Less discount to net present value at rates ranging from 4.49% to 5.4%	<u>(7,443)</u>	<u>(6,137)</u>
Contributions receivable, net	<u>\$ 241,205</u>	<u>\$ 186,029</u>

At June 30, 2023, two donors accounted for 67% of total contributions receivable. At June 30, 2022, three donors accounted for 60% of total contributions receivable.

Note 4 – Property and equipment

Property and equipment as of June 30, 2023 and 2022 total as follows:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 4,997	\$ -
Computer software	<u>20,196</u>	<u>20,196</u>
	25,193	20,196
Accumulated depreciation	<u>(8,415)</u>	<u>(1,683)</u>
Property and equipment, net	<u>\$ 16,778</u>	<u>\$ 18,513</u>

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2023

Note 5 – Net assets with donor restrictions

As of and during the year ended June 30, 2023, net assets with donor restrictions reconcile as follows:

<u>Activity</u>	<u>2022</u>	<u>Additions</u>	<u>Releases</u>	<u>2023</u>
Children's Homes	\$ -	\$ 168,992	\$ 168,992	\$ -
Liberating Girls from Indentured Servitude	2,400	5,597	7,997	-
Nutritional Rehabilitation Homes	10,723	60,574	71,297	-
Schools and Scholarships	280,352	342,054	426,245	196,161
Vocational Counseling	40,000	88,099	128,099	-
Emergency Fund	1,042,599	8,384	-	1,050,983
Earthquake Disaster Relief	12,301	-	12,301	-
Kinship Care EQ Long Term	-	8,057	8,057	-
Caste Equality Project	-	54,177	36,051	18,126
COVID -19	313	46,139	452	46,000
Other programs	65,268	18,319	58,587	25,000
Time Restricted	75,000	150,000	150,000	75,000
	<u>\$ 1,528,956</u>	<u>\$ 950,392</u>	<u>\$ 1,068,078</u>	<u>\$ 1,411,270</u>

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	1,105,949	11,650	75,000	1,042,599
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	65,268	16,239	16,239	65,268
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, 2023

Note 6 – Founder's Day

NYF held its annual special event called Founder's Day on June 1, 2023. Special events for the years ended June 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Support	\$ 261,459	\$ 131,826
In-kind contributions	<u>7,975</u>	<u>3,640</u>
	269,434	135,466
Direct donor-benefit costs	<u>(21,041)</u>	<u>-</u>
	<u>\$ 248,393</u>	<u>\$ 135,466</u>

Note 7 – In-kind contributions

For the years ended June 30, 2023, and 2022, contributed nonfinancial assets recognized within the statement of activities included the following:

	<u>2023</u>	<u>2022</u>
Therapy toys	\$ 5,500	\$ -
Food and wine	4,424	-
Projector	323	-
Video production	<u>33,500</u>	<u>-</u>
	43,747	-
Donated auction items	<u>7,975</u>	<u>3,640</u>
	<u>\$ 51,722</u>	<u>\$ 3,640</u>

Therapy toys and other donated items were valued based on using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a "like-kind" methodology. Contributed food and supplies are used in program services.

Video production services were provided by specially trained consultants who assisted in developing a video for the Caste Equality Project. Video production services were recognized at fair value based on current rate for similar services.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2023

Note 7 – In-kind contributions (continued)

Donated auction items were valued at the sales price received during the auction on the day of the event.

All in-kind contributions received during the year ended June 30, 2023 and 2022 were unrestricted.

Note 8 – 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, 2023 and 2022, the estimated retirement plan benefit liability was \$18,114 and \$14,128, respectively.

Note 9 – Commitments and contingencies

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, 2028.

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.

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.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2023

Note 10 – Leases

Operating Leases under Topic 842

NYF leases office space in San Francisco, California dedicated to both administrative and program duties. The lease began on April 2, 2021 and it renews automatically for one year unless notice is given by landlord at least four weeks prior to the end of the lease. The lease has a term of five years when factoring likely extensions. During the year ended June 30, 2023, operating lease cost is included in the statement of functional expenses under occupancy expenses totaling \$19,083.

Operating lease costs for the year ended June 30, 2023 reconcile as follows:

Operating lease cost	\$ 15,004
Short-term lease cost	
12-months or less	2,270
Daily rentals	<u>600</u>
 Total U.S.A. lease costs	 17,874
Total Nepal lease costs	<u>1,209</u>
 Total lease costs	 <u><u>\$ 19,083</u></u>

Under U.S. GAAP, operating lease expense is recognized on a straight-line basis over the remaining lease term. NYF had no variable lease expense during the year June 30, 2023.

The future minimum lease payments under the non-cancellable operating leases with a term greater than one year is listed below as of June 30, 2023:

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2023

Note 10 – Leases (continued)

Years ending June 30,	
2024	\$ 13,464
2025	13,464
2026	<u>10,098</u>
Total lease payments	37,026
Less present value discount	<u>(1,384)</u>
Total lease liability	35,642
Less current portion	<u>(12,636)</u>
Long-term lease liability	<u>\$ 23,006</u>

The weighted-average discount rate applied to calculate lease liabilities as of June 30, 2023 was 2.88%

As of June 30, 2023, the weighted-average remaining lease term for operating leases was approximately 2.75 years.

Operating Leases under Topic 840:

Under U.S. GAAP, all rental payments, including fixed rent increases, are recognized on a straight-line rent basis over the term of the lease. The difference between the GAAP rent expense and the required lease payments would be reflected as deferred rent on the statement of financial position. At June 30, 2022, deferred rent was not material to the financial statements.

Note 11 – 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, 2023

Note 11 – Liquidity and availability of financial assets (continued)

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 657,173	\$ 539,012
Investments	2,717,730	2,723,739
Receivables	241,205	186,029
	<u>3,616,108</u>	<u>3,448,780</u>
Less those unavailable for general expenditures within one year, due to:		
Donor restricted for emergency fund	1,050,983	1,042,599
Contributions receivable long-term	88,557	59,863
Mandatory reserve fund - in Nepal	87,198	72,788
	<u>1,226,738</u>	<u>1,175,250</u>
	<u>\$ 2,389,370</u>	<u>\$ 2,273,530</u>

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

Note 12 – Change in accounting principle

In September 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Under this ASU, a not-for-profit entity is required to present contributed nonfinancial assets as a separate line-item in the statement of activities, apart from contributions of cash and other financial assets as well as include enhanced disclosures surrounding the nature and valuation techniques of the contributed nonfinancial assets.

NYF adopted ASU 2020-07 with a date of the initial application of July 1, 2022, using a retrospective approach. The adoption of ASU 2020-07 did not have a significant impact on NYF’s financial position, results of operations, or cash flows.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* to increase transparency and comparability among organizations by requiring the recognition of right-of-use assets and lease liabilities on the statement of financial position. *Topic 842* supersedes the leasing guidance in *Topic 840*.

Nepal Youth Foundation
Notes to Combined Financial Statements
June 30, 2023

Note 12 – Change in accounting principle (continued)

NYF adopted the lease standards effective July 1, 2022, using the modified retrospective approach with July 1, 2022 as the initial date of application. Management has elected to apply all practical expedients available under the new guidance, which allows NYF to 1) not reassess whether any expired or existing contracts previously assessed as not containing leases are, or contain, leases; 2) not reassess the lease classification for any expired or existing leases; and 3) not reassess initial direct cost for any existing leases. NYF has elected to apply the practical expedient to use hindsight in determining the lease term.

The most significant impact was the recognition of right-of-use assets and lease liabilities for all leases with terms greater than twelve months. Accordingly, an operating right-of-use asset of \$45,820 and a corresponding lease liability of \$47,920 was recognized as of July 1, 2022.

Note 13 – Subsequent events

NYF evaluated subsequent events for recognition and disclosure through May 16, 2024, the date to which these financial statements were available to be issued.

On November 5, 2023, NYF signed a five-year renewal agreement with the Social Welfare Council of the Government of Nepal effective June 4, 2023.