

NEPAL ORPHANS HOME Annual Report 2006

Nepal Orphans Home has two primary affiliates, a children's home, Papa's House, and a school, Papa's Trinity Academy, both located in the Kathmandu Valley of Nepal. Founded in 2005 by Michael Hess, Papa's House is a home for orphans and children whose parents have abandoned them or are unable to provide for them. For children born into poverty and caught in the political turmoil and social upheaval of contemporary Nepal, Papa's House offers a haven. By attending to the total welfare of the children, not just providing for their basic needs of food, shelter, and clothing, as well as schooling and health care, but also administering to their emotional needs with love and compassion, Papa's House allows the children to grow up in a nurturing environment. The mission of Papa's House is not just to rescue these children from abject poverty, but to enable the children to develop and realize their potentials.

Papa's Trinity Academy began in 2005 as a school for the children of Papa's House. Other children from the local village were also invited to attend this free school.

Michael Hess has largely funded Nepal Orphans Home, a non-profit organization, through his own resources, mainly from the sale of his property in Florida and drawing down his savings. Additional support has been received from family and friends back in the United States and from individuals across the world who have discovered the web site (www.nepalorphanshome.org) and been inspired by this mission.

A Review of 2006

The end of the year 2005 found Nepal Orphans Home with seventeen children living in Papa's House, a two-story, white building in Dhapasi, Nepal. In addition, a primary school was operating out of this building. Three teachers and five didis (female staff), along with the founder, Michael Hess, maintained the home and provided schooling for over sixty children. A four-story, yellow building under construction nearby had been leased by Nepal Orphans Home to serve as a new home for the children and additional classrooms for the school.

In January of 2006, Papa's House moved two hundred yards down the road to the new four-story yellow building. In April, the 2006 school year opened with now 240 students attending Papa's Trinity Academy. Ninety students were attending grades 1-5 in classrooms at the new building and 150 preschoolers were in nursery and pre-kindergarten programs at the old building. The teaching staff had expanded to twelve. Recognizing their success, the Nepal Department of Education granted Papa's Trinity Academy permission to expand to grades 6, 7, and 8.

By mid-2006 there were thirty-four children living in Papa's House. In rooms of three and four, the children have individual beds, three meals a day, twice-weekly showers, and attend school six days a week. Three of the didis reside at Papa's House and take care of the cleaning, washing, and food preparation. Twice a year a dentist is brought to Papa's House for check-ups and during the year, dental visits are scheduled as needed. The children receive appropriate medications for colds and the common intestinal problems. More serious illnesses are dealt with by physicians. Michael Hess, known by all as Papa, tirelessly works to support the children from the beginning of the day, with preparation for school or enriching activities on the days off, to evening, when he spends

a few quiet minutes with each child before bedtime, quietly discussing the events of the day and any concerns of the children.

An example of the love that flourishes at Papa's House is from an entry for the News & Updates for October 7th, 2006, on the Nepal Orphans Home website. Describing the return of children to Papa's House from a school break occasioned by the Hindu festival of Dashain, Michael writes.

Dashain is the holiest of the Hindu celebrations and is a time when all families or remnants thereof are compelled together. With the exception of Puja, Mary, Depa, and Sila, all of our children went to their villages to be with a parent, aunt or other guardian. Several of the children had to walk two days after a one-day bus ride in order to reunite with the above. They all straggled back in today and our family is again united....

Today one child or another would announce the sighting of a returning child, walking with a grin on the dusty, winding road leading to our gate, casting shy glances up at the house. Our children have the eyes of sailors in the crow's nest of whaling ships, and the lungs to alert a sighting. All in the house would race down to the gate to welcome the most recent arrival home; the gate would open, and the child would be engulfed in the pure love of his or her brothers and sisters. I will never stop wondering at the amount of love and sharing that I witness with these children.

In the fall of 2006, across the world in North Carolina, international students at Davidson College and Salem College organized benefit dinners in support of Papa's House. Over \$4,000 was directly raised on these two occasions. Moreover, because of these benefit dinners, many people became aware of Papa's House and have been motivated to contribute additionally. In November of 2006 an article, "Local carpenter carves out hope for Nepal orphans," appeared in the *Daytona Beach News Journal*, about Michael and Papa's House.

Beyond 2006

Plans to develop sustainable funding for Nepal Orphans Home include establishing a schedule of tuition and fees for Papa's Trinity Academy to help cover some of the expenses of running the school, while still providing free education to the children of Papa's House and to other children whose parents can't afford to pay. Also, a program for volunteers at Papa's House and Papa's Trinity Academy and elsewhere in Nepal in similar positions is being established. Nepal Orphans Home was registered as a non-profit corporation in Florida in 2005; however, the plan is to shift registration as a non-profit corporation to North Carolina and obtain 501(c)3 status as a tax-exempt organization with the U.S. Internal Revenue Service. Doing so will increase the chances for corporate and foundation support.

Financial Statements

In the financial statement of expenses and income for Nepal Orphans Home for 2006 immediately following, the need for increased funding is clear. The financial statement for 2005, the year the children's home and school were founded, is also included.

In both of these financial statements, it should be emphasized, the reported expenses understate the actual expenditures incurred by Michael Hess. A conservative

approach has been adopted for the accounting. Only those expenditures reported to the Secretary of the Board of Directors directly for Nepal Orphans Home have been included.

In many cases, due to the extraordinary efforts needed to attend to the daily business, expenditures were not recorded. In addition, receipts are not commonly given in Nepal. For example, from April through July of 2005, there were no reported expenditures on food for Papa's House. While clearly there were expenditures on food for the children over this period (often on daily basis), they are not included in the total for the 2005 financial statement. Consequently, the total of \$844 reported for food is significantly understated.

Moreover, the expenses Michael incurred while traveling between Nepal and Florida and his other personal expenses are not included. One of the needs for Nepal Orphans Home is an on-site business manager. Nevertheless, more systematic book-keeping is being implemented and future financial statements will be more comprehensive for the expenditures.

On the income side, almost entirely consisting of donations in 2005 and 2006, careful record-keeping has been maintained from the beginning.

In sum, despite the challenges, including the political turmoil, rampant corruption, and pervasive poverty that plague the country, Nepal Orphans Home continues giving children chances for better lives. The word is spreading about the miracles of Papa's House and Papa's Trinity Academy.

NEPAL ORPHANS HOME

Statement of Expenditures and Income in 2006

(Figures are expressed in U.S. dollars, converted from the actual expenditures in Nepalese rupees (nrs) using the exchange rate: 70 nrs = \$1.00.)

Papa's House

Current Expenditures:

| | |
|---------------|--|
| \$ 7,640..... | Grounds and Buildings (Yellow Building) |
| \$2,143..... | Building Lease |
| \$1,587..... | Repairs and Improvements |
| \$ 924..... | Utilities (phone, electric, gas, and trash) |
| \$1,125..... | Depreciation on Furniture and Equipment: 2006 capital expenditures of \$4,500 using an annual straight-line depreciation rate of 25% |
| | |
| \$ 857..... | Land Lease |
| \$1,004..... | Improvements |
| | |
| \$ 780..... | Communications |
| \$ 180..... | On-line service |
| \$ 600..... | Web site maintenance |

\$1,358.....Didis

\$ 14.....Medical Services

\$ 36.....Entertainment and Enrichment

\$26,741.....Total Current Expenditures

Income

\$30,645.....Donations to Papa's House (net of fees paid to PayPal)

\$ 1,250.....Volunteer Fees

\$31,895.....Total Income

(\$29,027).....Net Income for Nepal Orphans Home in 2006

NEPAL ORPHANS HOME
Statement of Expenditures and Income in 2005

(Figures are expressed in U.S. dollars, converted from the actual expenditures in Nepalese rupees (nrs) using the exchange rate: 70 nrs = \$1.00)

Papa's House

Current Expenditures:

\$ 5,501.....Grounds and Buildings
 \$2,400.....Lease on (White) Building (paid in 2005)
 \$1,523.....Repairs and Improvements
 \$1,578.....Utilities

\$ 8,026.....Communications
 \$ 113.....On-line service
 \$ 7,313.....Web site set up
 \$ 600.....Web site maintenance

\$ 360.....Wages

\$ 7,317.....Child Care
 \$ 844.....Food
 \$ 977.....Clothing and Supplies
 \$1,254.....Entertainment and Enrichment
 \$ 43.....Transportation
 \$ 823.....Medical Services
 \$ 344.....Medicines
 \$3,032.....Tuition and School Fees

\$ 19.....Volunteer Program

\$ 100.....Room Rent

\$21,323Total Current Expenditures

Papa's Trinity Academy

Current Expenditures

\$ 1,071.....School Building
 \$1,071.....Lease on New (yellow) Building

\$ 1,785.....School Uniforms, Books, and Supplies

\$ 2,183.....Wages

\$ 442.....Entertainment and Enrichment (Field trips and student awards)

\$ 5,481.....Total Current Expenditures

Income

\$ 6,752.....Donations to Papa's House (net of fees paid to PayPal)

\$ 6,752.....Total Income

(\$20,052)Net Income for Nepal Orphans Home in 2005