

NEPAL ORPHANS HOME

Annual Report 2008

Nepal Orphans Home, a 501(c)3 public charity incorporated in Davidson, North Carolina, was founded in 2005 by Michael Hess. Annual reports for Nepal Orphans Home for 2006 and 2007 are also available.

Mission Statement:

Nepal Orphans Home attends to the total welfare of children in Nepal who are orphaned, abandoned, or not supported by their parents. Papa's House provides for the children's basic needs of food, shelter, and clothing, as well as schooling and health care, and administers to their emotional needs with love and compassion. Papa's House allows children to grow up in a nurturing environment. The mission of Nepal Orphans Home is not just to rescue children from abject poverty, but to enable the children to develop and realize their potentials.

Review of 2008

The year witnessed remarkable growth for Nepal Orphans Home (NOH), with expansion of our two Papa's Houses in the Kathmandu valley and the addition of a third home in western Nepal for young girls rescued from indentured servitude. Interest in our volunteer program accelerated and a number of exciting initiatives were launched.

Providing for More Children

The 2008 year began with 50 children living in Papa's Houses I and II in Dhapasi. In February Nepal Orphans Home (NOH), in collaboration with Society Welfare Action Nepal (SWAN), a Nepali nongovernmental organization operating in the Dang district of western Nepal, opened a new home for rescued Kamlari girls in Narti, a small village near Lamahi. NOH supported the restoration of two buildings on the public-school grounds to house the young girls, known as Kamlaris, who had been rescued by SWAN from their indentured servitudes. Over the year, 63 girls rescued by SWAN came to the Lawajuni (New Life) Home. These girls have not only gained their freedom, but they have recovered their childhoods and they are attending school.

During the year the Ministry of Women and Social Welfare recognized Nepal Orphans Home's contributions to Nepal and asked Papa's House to provide for ten new children. NOH will be registered as a member in good standing and honored to become a partner program in the adoption process of the New Nepal.

In April NOH ceased its support of Papa's Trinity Academy due to concerns with the management and direction of the school. Papa's House children began attending the nearby Skylark school, a challenging, private, English-medium school in Dhapasi.

Also, in the early part of the year, NOH initiated support of two schools in remote villages in the Ramechhap district. For the 104 children attending the Shree Sham primary school in Dumrikharka, NOH funds a hot lunch program and contributes to the teacher salaries and school supplies. For the 38 children attending the Mudkeswori primary school in Votetar, NOH provides for a nutrition program and school supplies.

Moreover, the parents are being integrated into the operation and support of the schools.

The close of 2008 found 121 children provided for by NOH: 46 girls (including 12 rescued by SWAN) and 24 boys respectively living at Papa's House for Girls and Papa's House for Boys in Dhapasi and 51 girls living at the Lawajuni Home in Narti. Construction on an additional two-story building began at the boy's home to allow for Papa's House boys to be sheltered separately from the NOH volunteers as required by the government.

NOH Volunteers

The NOH volunteer program is thriving, with over fifty volunteers from a dozen countries coming to Nepal in 2008 to work with us. Seven members of the NOH Boards also came to volunteer. In addition, a group of young missionaries from Australia came in October, bringing clothes, games, and books for Papa's House children and engaging in remodeling and renovation projects at the girl's home in Dhapasi. The NOH Boards approved of a formal contract for volunteers and allowed for the Director of Operations to increase the fee schedule as appropriate.

As an initiative, NOH began collaborating with Alps in Nepal, a local trekking company, to generate support through mission trekking opportunities. An initial Trek for Freedom was planned for October, with a portion of the fees going to provide for more rescued Kamlari girls. This venture was promoted with a You Tube video created by Toni Thomson. While the Trek for Freedom did not take place in October, NOH is planning a similar venture in 2009 and has contacted other travel companies outside Nepal to generate interest.

Corporate Developments

In February of 2008 NOH received its 501(c)3 status from the United States Internal Revenue Service, effective from August 29, 2005, the founding of the corporation. This means that NOH is exempt from federal income tax and contributions to NOH are tax deductible.

The Board of Directors added two members, Brenda Barger and Toni Thomson, who moved from the Board of Advisers, and lost two members, Karen Billing, who resigned, and Aaron Hess, who moved to the Board of Advisers. In addition, the Board of Advisers added Anna Merrill and Jesse Bach. The positions of Secretary and Treasurer were combined with Boo Hess continuing in that role.

Nepal Orphans Home established a profile on UniversalGiving, an international social entrepreneurship that brings together verified non-profits with interested donors and volunteers. Some of our projects are described on our UniversalGiving site. NOH is also listed on Guidestar, the leading source of information on U.S. nonprofits. The NOH profile on Guidestar includes our form 990-EZ for 2007, which is available as public record.

To increase awareness of our work, NOH joined Facebook, where members of our expanding family can stay in touch and promote causes such as 'Rescue Child Slaves in Nepal' and advertise fundraisers, such as the Imagine and Possible Worlds events. NOH was also registered as a non-profit organization on Idealist.org., which caters to those interested in philanthropic efforts and non-profits. And, NOH is listed with

Goodsearch, an international search engine that donates one cent for every internet search when “Papas House” is designated.

The budget, approved by the NOH Boards in early 2008, was subsequently revised in light of NOH’s cessation of support for Papa’s Trinity Academy. The new budget included line items for a capital fund and a contingency fund. The NOH Boards decided not to pursue a term life insurance policy on the Director of Operations.

Other Initiatives

On behalf of NOH, Jamie Hess, a member of the Board of Advisers, applied for and received one of the five Emily Sandall Memorial Youth Grants for \$500 from the International Initiative to End Child Labor (IIECL), a U.S.-based, not-for-profit organization whose mission is to eliminate the worst forms of child labor in the U.S. and around the world. The grant supported a poster project for the children of Papa’s Houses which was carried out during June when Jamie was a volunteer.

NOH is continually seeking to provide for the livelihoods of our children. For the Lawajuni Home, NOH purchased two cows and two calves. The girls at Lawajuni care for the cows and the milk is being used to improve their nutrition. We hope to have the older girls learn how to operate a small dairy business.

Consistent with preparing the children with marketable skills, a Friday afternoon class on hair dressing and styling was started at Papa’s House for Girls. In addition, several children attend Tae Kwon Do classes, sewing classes, and cooking classes. The older girls are actively involved in preparing meals for Papa’s House for Girls.

In 2008 NOH began collaborating with the Foundation for Sustainable Technologies (FoST) to introduce more efficient and environmentally-friendly technologies to Papa’s Houses. The president of FoST, Sanu Kaji, held a most informative workshop at Papa's House for Girls in Dhapasi in October and NOH purchased some briquette stoves and equipment for cooking. This technology, including the making of briquettes from natural materials, may be better suited for our Lawajuni home.

Fundraising

In December two magnificent fundraisers, Possible Worlds in Toronto and Imagine in Cleveland, were held, generating impressive contributions to Nepal Orphans Home, in particular for the work at Lawajuni with rescued Kamlari girls. Toni Thomson and Jesse Bach, respectively, inspired and organized these events, which promise to continue to generate awareness and support. Also, NOH was the beneficiary for the second time of a fundraiser by the Asian Cultural Awareness Association of Davidson College and a donation from the Davidson College Presbyterian Church.

A Vision for Nepal Orphans Home

As part of our continuing efforts to generate support for NOH, we were asked by a friend working on our behalf to develop a vision. In early 2009 the NOH boards adopted this vision, which sets forth our aspirations and goals.

Nepal Orphans Home (NOH) envisions having its own main campus in the Kathmandu valley. In particular, NOH would purchase 3 to 5 hectares of property outside of Kathmandu city, where we would have two homes, one for 100 girls and one for 50 boys, with ample space for playgrounds. In the homes would be rooms, each for four children, equipped with bunk beds, desks, and lockers. In each home there would be a large dining room, also to be used as a study hall. The study hall would be equipped with personal computers with Internet connection. One room in the homes would be designated as an infirmary, to treat and reduce the spread of illness among the children.

On the campus would be a volunteer house to accommodate the continual flow of NOH volunteers. In the volunteer house would also be a large training room for workshops and classes, including sewing classes for our girls and wood-working classes for our boys. The training room would also be used for adult literacy classes offered to the local community by our older children and volunteers. The children's homes and volunteer house would be outfitted with solar panels to provide hot water. Nepal Orphans Home has already begun collaborating with the Foundation for Sustainable Technologies (FoST) in Nepal. We hope to incorporate sustainable technologies in our homes. In addition to solar panels, there would be solar ovens, solar refrigerators, and efficient lighting. On the grounds of the campus would be a large vegetable garden, maintained by the children, which would ensure a supply of fresh vegetables. We would also plant fruit trees.

Expanding upon this vision for a campus for our children's homes would be having a school on the grounds. The campus school would run from kindergarten through grade 8. We would hire dedicated teachers for a challenging curriculum with the goal of preparing our children for secondary school (even International Baccalaureate) and higher education. The school would have science and math labs and an information technology center equipped with personal computers linked to the Internet. Ideally, we would have an endowment to pay for the teachers and a scholarship fund to send our most gifted students to higher education. We imagine being able to have children from the most disadvantaged backgrounds, like the former Kamlaris, receive a good education, even attending universities.

Financial Statements

Below is presented the financial statements for 2008. In addition, attached at the end of the Annual Report is the proposed budget for 2009.

In 2008 Nepal Orphans Home had \$28,383 in Net Income from Total Income of \$140,115 and Total Expenses of \$111,732. For reference, the corresponding figures for 2007 are Net Income of \$14,768 from Total Income of \$84,636 and Total Expenses of \$69,868.

With the Net Income for 2008 Nepal Orphans Home can begin to build its Capital Fund. Accordingly, \$20,000 has been placed in a money market account in a U.S. bank toward realizing our vision of a campus in the Kathmandu valley.

In 2008 our Total Income increased by more than expected, largely due to the growth in the NOH volunteer program, Volunteer Nepal. The Possible Worlds and Imagine fundraisers significantly contributed to the growth in donations. Although we applied for grants and external funding, with the exception of the Emily Sandall

Memorial grant for the poster project on ending child labor, we were not successful. Nevertheless, we will continue to apply to foundations for support. With the weak global economy, continued growth in our fundraising and volunteer program is uncertain, so we must explore all opportunities for support.

NEPAL ORPHANS HOME

Statement of Expenditures and Revenue January 1 - December 31, 2008

Figures are expressed in U.S. dollars, converted from the actual expenditures in Nepalese rupees (rs) using an exchange rate determined monthly on last day of each month.

Papa's Houses Expenditures:

\$17,161..... Grounds and Buildings
 \$5,100.....Building Lease House #1 (Papa's House for Girls)
 \$1,255.....Land lease (playground) for House #1
 \$4,844.....Building Lease House #2 (Papa's House for Boys)
 \$ 488.....Repairs & Improvements at both houses
 \$1,202.....Utilities at both houses
 \$ 912.....Cost of furniture at bothhouses
 \$3,360.....Construction of new building for boys

\$ 23,116..... Childcare
 \$13,704.....Food
 \$ 2,473.....Clothing
 \$ 3,780.....Supplies for children
 \$ 914.....Entertainment & Enrichment
 \$ 2,245.....Medical Services & Medicine

\$ 1,631.....Supplies for homes

\$ 6,384..... Staff Wages

\$ 303.....Tuition & Fees (not Skylark School)

\$ 4,244.....Skylark school fees (begin April)

\$ 3,424.....School expenses--books, uniforms, school bags, supplies

\$ 1,257.....Transportation

\$ 4,210.....Local charity
\$ 500.....IIECL grant project supplies
\$ 2,849..... Business expenses (registration of NOH in Nepal, visa, office supplies)
\$ 3,333.....Communication and Fundraising
 \$ 1,285.....On-line service
 \$ 1,998.....Web site maintenance
 \$ 50.....NC Solicitation License
\$ 3,121.....Banking fees (Pay Pal, ATM, wire transfers)

\$71,533.....Expenses for Papa’s House (January - December, 2008)

\$18,664.....Volunteer Nepal expenses (does not include room and board as these are absorbed in the expenses of the houses)
\$19,286.....Other projects
 \$15,934.....Lamahi (support for rescued Kamlari girls at Lawajuni)
 \$ 3,352.....Remote village schools -- Ramechhap, Dumrikharka & Votetar
\$ 2,249.....Net Support for Papa’s Trinity Academy January - April, 2008

\$111,732.....Total Expenses for Nepal Orphans Home (January - December, 2008)

Nepal Orphans Home Income:

\$ 53,017.22..... Donations (general)
\$ 29,460.92..... Donations (earmarked for rescued Kamlari girls)
\$ 57,136.81..... Volunteer Fees
\$ 500.00..... Emily Sandall Memorial Grant from End Child Labor

\$140,115.....Total Revenue for Nepal Orphans Home (January – December, 2008)

\$28,383.....Net Income for Nepal Orphans Home in 2008

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Proposed Budget for 2009

The assumptions underlying the proposed budget for 2009 include:

1. Projected general inflation of 5 percent.
2. Growth in the number of children provided for from 121 at the end of 2008 to 150 for 2009, reflecting the 50 girls at Papa's Samanjasya (Harmony) House, 25 girls at Papa's Kalpana (Imagine) House, 24 boys at Papa's Sambhav (Possibilities) House, all in Dhapasi, and 51 girls at the Lawajuni (New Life) Home in Narti.
3. Growth of 10 percent in the income for Nepal Orphans Home from donations and the volunteer program. In turn, this growth in income, perhaps too optimistic, assumes no further deterioration in the global economy and no further political instability or unrest in Nepal.
4. A general rounding off of estimates to the nearest hundred dollars.

Papa's Houses Expenditures:

\$22,500..... Grounds and Buildings
 \$5,400.....Building Lease for Papa's Samanjasya House
 \$1,300.....Land lease (playground) at Papa's Samanjasya House
 \$5,600.....Building Lease for Papa's Kalpana House and Papa's Sambhav House
 \$5,000.....Building Lease for Papa's Volunteer Hostel
 \$1,000.....Repairs & Improvements at four houses
 \$2,400.....Utilities at four houses
 \$1,800.....Cost of furniture at four houses

\$ 30,300..... Childcare at Papa's Houses in Dhapasi
 \$18,100.....Food
 \$ 3,600.....Clothing
 \$ 4,700.....Supplies for children
 \$ 1,100.....Entertainment & Enrichment
 \$ 2,800.....Medical Services & Medicine

\$ 3,300.....Supplies for Papa's Houses in Dhapasi

\$ 9,600..... Staff Wages

\$ 550.....Tuition & Fees (other than Skylark School)

\$ 6,500.....Skylark school tuition & fees (begin April)

\$ 4,500.....School expenses--books, uniforms, school bags, supplies

\$ 1,300.....Transportation

\$ 4,400.....Local charity

\$ 3,000..... Business expenses (registration of NOH in Nepal, visa, office supplies)

\$ 3,550.....Communication and Fundraising

\$ 1,400.....On-line service

\$ 2,100.....Web site maintenance

\$ 50.....NC Solicitation License

\$ 3,300.....Banking fees (Pay Pal, ATM, wire transfers)

\$92,800.....Expenses for Papa's Houses (January-December, 2009)

\$20,500.....Volunteer Nepal expenses

\$22,600.....Other projects

\$19,100.....Lamahi (support for rescued Kamlari girls at Lawajuni)

\$ 3,500.....Remote village schools -- Ramechhap, Dumrikharka & Votetar

\$135,900.....Total Expenses of Nepal Orphans Home (January - December, 2009)

\$ 12,000.....Capital Fund

\$ 5,700.....Contingency Fund

Nepal Orphans Home Income:

\$58,300..... Donations (general)

\$32,400..... Donations (earmarked for rescued Kamlari girls)

\$62,900..... Volunteer Fees

\$153,600.....Total Revenue of Nepal Orphans Home (January - December, 2009)

\$ 0.....Net Income of Nepal Orphans Home in 2009