



nepal orphans home

Annual Report 2013

Nepal Orphans Home, a 501(c)3 public charity incorporated in Davidson, North Carolina, was founded in 2005 by Michael Hess.

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 2013

In 2013, Nepal Orphans Home (NOH) continued to fulfill its central mission, providing shelter, nourishment, education, and health care for Papa's House children. The Chelsea Education Center opened in the spring of 2013 with vocational training classes. Volunteer Nepal continues to thrive.

Papa's Houses

NOH began 2013 with 135 children in our five Papa's Houses. At the close of the year, we were providing for 141 children: 40 girls in Samanjasya (Harmony) House, 28 girls in Kalpana (Imagine) House, 29 girls and one young son of a former didi in Gumba (Sanctuary) House, 30 boys and two children of the manager in Sambhav (Possibilities) House, 10 girls in the newest home, Indreni (Rainbow) House, and Hope, our 'angel gift', born on April 30 and taken in by Papa's House after life-saving surgery.

Each of the houses is well managed by Nepali staff. Anita C. runs Samanjasya House, the largest of the five homes, along with Dawn Kumari, a loyal staff member since 2005. Anita M., one of the first children to come to Papa's House back in 2005, manages Kalpana House, assisted by Sunita. Gita, who has also been with NOH since 2005, is in charge of Gumba House, with assistance from Tara. Pratap and his wife, Devika, manage the boys of Sambhav House. Indreni, our smallest house, which provides a home for Aakriti, a blind and deaf girl, is managed by Lachi, aided by Jishnu. In addition to the resident managers and their assistants, each house has a didi who comes in daily to help with the cleaning and

laundry. House managers also assist with buying supplies and accompanying children to medical appointments.

Each house is within a ten-minute walk to the Skylark School, attended by Papa's House children in school grades one through ten. Each house is leased. The houses are equipped with solar panels, providing reliable lighting during the frequent power outages for the kitchen and dining rooms, which also serve as study halls, and reducing the electricity costs. Computers with Internet connection are in each house.

In 2013, total expenditures for the leases of the five Papa's Houses and grounds, supplies, furniture, repairs, improvements and utilities exceeded \$37,000.

Child Care

When a child arrives at Papa's House, NOH commits to providing for her shelter, nutrition, education and health care until she reaches adulthood and is ready to enter Nepali society. To monitor the progress of each child, a detailed file is kept, consisting of guardianship information from her village and how the child came to NOH, her school and health records, the vocational training and life skills workshops the child has completed, as well as anecdotal information.



Dental check-ups at Papa's House by Kathmandu Dental School Students

Over the year, nine members of the NOH boards visited Papa's House to volunteer their services. All can attest that Papa's House children are gracious and kind, appreciative of the opportunities afforded them, diligent in their studies, and supportive of each other. In sum, they are happy.

In 2013, two extraordinary children came to live in Papa's House. Aakriti had been living in a state-run orphanage, supported by Aakriti's Kids Foundation, a non-profit founded by Anne Zrenda, a previous volunteer with Volunteer Nepal. Anne was able to transfer Aakriti to Papa's House, where she is growing up in a nurturing family with her own didi and near daily lessons with a special education teacher.

Shortly after her birth, Dil Kumari had her feet cut off by her deranged mother. Rescued by neighbors and rushed to a hospital, she nearly lost her life on the operating

table. Through the good will of Medical Mercy of Canada, Dil came to Papa's House and was renamed Hope Angel by the children. Now cared for by Anita M., the manager of Kalpana House, with help from the older girls, Hope will have all the opportunities to grow and develop every child deserves. Hope's good cheer, resilience, and contentment not only inspire the other children, but add to the magic of Papa's House.



Aakriti and her special education teacher



Hope and Anita

In 2013, total expenditures for childcare, including food, clothing, supplies, and medical care exceeded \$72,000. Over eighty percent of this amount (\$58,500) was food expenses.

Education

Because the public education system is inadequate, Papa's House children attend the Skylark School, a local English-medium private school, with several hundred students. The end of the term always finds a number of Papa's House children at the top of their classes. For example, at the end of the first term of the 2013-14 school year Papa's House children scored first in seven of the twelve grade levels, second in six grade levels, and third in nine grade levels.

Five of our older children are attending college, having achieved their School Leaving Certificates after completing the tenth grade and passing a comprehensive exam. In 2013 Saroj and Chham began their studies at Herald International College. Saroj has chosen to major in computer science and Chham in management.

In 2013, total expenditures on education were \$27,000, over sixty percent of this amount for Skylark School tuition and fees. Nepal Orphans Home is grateful for the support from the Sanctuary for Kids Foundation, Possible Worlds Foundation, Sunsar Maya Foundation, and an anonymous family foundation for covering the annual education costs of the Papa's House children at Skylark, and to the Life's Handy Work Foundation for covering the college costs of our older children.



Kabita (entering her second year of college), Saroj and Chham, Hikmat (third year) and Sabin (second year).

Chelsea Education Center

In the next four years we will have a total of fifty-five children complete grade level ten. All the children of Nepal Orphans Home are encouraged to continue their schooling for as long they can. Some of our children, however, especially those who had received little, if any, schooling before coming to Papa's House, struggle in their studies. While they persevere, determined to get an education, they likely will not qualify for university. For these children, their future might be best served with vocational training.

After nearly two years of planning, Nepal Orphans Home established the Chelsea Education Center (CEC) with a Sustainable Livelihoods Program to provide vocational training. The primary purpose of the CEC is to support the transition of Papa's House children to young adulthood and productive, fulfilling lives.

In the spring of 2013, the CEC began vocational training for Papa's House children aged fifteen and older. Seventy students attended the classes six days a week in a leased building within walking distance of the five Papa's Houses. Seven courses (mobile phone technology/repair, computer hardware repair, computer software, beauty salon, tailoring, music [voice, keyboard, and guitar], and motorcycle mechanics/repair) were offered, in hourly sessions after school, by instructors who are professionals in the field or local college professors. Classes were limited to twelve or fewer students to ensure individual attention. A second semester of vocational training began in the fall, with more advanced levels of instruction. In the future we plan to expand the course selection, adding classes based on the interests and abilities of the students. Future vocational training classes might include the culinary arts, welding, and small appliance repair.



Students between classes at the Chelsea Education Center and a Computer Science class

Moreover, Nepal Orphans Home believes that the formal education received at the Skylark School needs to be complemented with life skills instruction. Accordingly, as part of the Sustainable Livelihoods Program of the Chelsea Education Center, life skills workshops are being developed for all of Papa's House children. Among the topics to be included are communication skills, introduction to business concepts, creative problem solving, personal finance, and health education. Glenn Detrick, a member of the NOH Board of Directors, is developing the curriculum. Lauren Yanks and Laurie Levine, members of the NOH Board of Advisers, have begun offering workshops on effective communication.

As part of life skills education, while volunteering at Papa's House in late May, Boo Hess, secretary/treasurer of the NOH Board of Directors, arranged for a workshop with two members from CAP-Nepal (Center for Awareness Promotion), a local organization that provides shelter for women and children who have been living in "life threatening and rights-denied conditions." The organization focuses on reducing gender-based violence and expands awareness of the dangers to women in the son-preference culture of Nepal. Forty of our older girls assembled on the Samanjasya House balcony to learn how to cope with discriminatory treatment they may face outside the walls of Papa's Houses.

In the fall, Nepal Orphans Home submitted a Target Grant to the Federation of American Women's Clubs Overseas to cover the costs of operating the Chelsea Education Center. The proposal requested funds for: the annual salaries of the instructors who provide the current vocational training classes; hiring a director of the CEC who will oversee the vocational training of the Sustainable Livelihoods Program, identify individuals and organizations that will provide apprenticeships, internships or other work opportunities for CEC students, and implement a series of workshops for all Papa's House children on life skills; the costs of instructors, supplies, and equipment for these life skills workshops; the salaries and equipment for new vocational training classes; and the lease and utilities of the current CEC building. We did not receive this grant. NOH also submitted a grant application to St. Margaret's Church of Annapolis, Maryland for additional equipment and supplies for the current vocational training classes (to include embroidery machines for the tailoring class, diagnostic equipment and second used bike for the

motorcycle repair class, and ten new laptop computers for the computer software class). In the spring of 2014, we will learn if NOH will receive this grant.

In December NOH hired Pratibha Rajbhandari as the inaugural director of the Chelsea Education Center and Assistant Director of Operations. A Nepali, Pratibha had recently earned an MBA in Financial Management from Pace University in New York and a BBA in Finance from Idaho State University. She had worked as a business advisor in the Small Business Development Center at Pace. Unfortunately, after several weeks on the job, it became apparent that this position was not a good fit for Pratibha and she left.

In 2014 NOH will hire a director of the CEC Center who will manage the vocational training of the Sustainable Livelihoods program and develop the life skills workshops. The Chelsea Education Center will enhance the education of our children, developing aptitudes and instilling self-confidence that will guide them into adulthood as independent and responsible individuals. In the future, they will be contributing citizens in the growth and development of Nepal.

Enrichment

Papa's House children follow a busy schedule, with school six days a week, followed by homework, vocational training classes, and extracurricular activities, including basketball practices and Tae Kwon Do classes. Saturdays are free days, a time when all the children gather at the main campus of Samanjasya House for a common meal and play.

Throughout the year, there are holidays to celebrate, including the Nepali Tihar festival, Brother's Day and NOH's Sister's Day, as well as western traditions such as Christmas and Valentine's Day. During the two weeks of the Dashain holiday in October, Papa's House runs special classes for those children not returning to their family villages. This year found two incredible opportunities presented to the children during Dashain.

One was a two-week photography course taught by professional photographer, Sara Khazem, who founded Capturing Neverland several years ago in order to open the world through the camera lens to young people in developing countries. Sara donated high pixilation cameras to each of the nineteen children who signed up for the workshop. The course culminated with a special exhibition at a fine hotel in downtown Kathmandu, where Papa's House children displayed their photos.

The other special workshop was offered by a young couple, Adam Aronovitz and Alissa Bilfield, schoolteachers who had volunteered with NOH's Volunteer Nepal two years earlier. Adam and Alissa have traveled to numerous developing countries to hold workshops in orphanages where they teach the children and staff how to prepare and eat a healthy diet based on local produce. As described by Mike Hess, founder and director of operations of Nepal Orphans Home:

"The two-week workshop was highly entertaining and taught so much more than food science, including team building, creativity, public speaking, thinking outside the box, confidence and the ability to laugh your way through unexpected obstacles."

This workshop culminated with a banquet on the final Saturday prepared by the students, consisting of delicious foods that were highly nutritious, chemical-free, and

readily available. In fact, because of this workshop, NOH is introducing brown rice into the diet of Papa's House children as part of improving our school day tiffin meal.



A photo field trip



Setting up for the banquet

Throughout the year other volunteers offered workshops or organized field trips and special events that the children enjoyed, or simply interacted with our children, whether tutoring with their homework or playing games.



The festivities and good cheer of the Christmas season at Papa's House

Volunteer Nepal

Volunteer Nepal (VN) continues to bring extraordinary people of all ages from around the world to Nepal where they serve in a variety of ways to improve the lives of the poor. In 2013, Volunteer Nepal received 115 individuals, which makes the third year in a row there have been over a hundred volunteers. The volunteer experiences are often profound and even life changing. Positive reviews of over a dozen recent volunteers can be found on the NOH profile on Guidestar. And thanks to the initiative of Jehan Seirafi, former director of Volunteer Nepal, the ninth edition of *Lonely Planet: Nepal* lists Volunteer Nepal (and Nepal Orphans Home).

In 2013, there were three different directors of Volunteer Nepal. Mike Hess, in addition his work as director of operations, managed Volunteer Nepal until Nancy Ko arrived in mid-February. Unfortunately, Nancy did not work out and left after only a couple of months on the job. Sunita Pandey, the woman who taught our new children in our home school, was hired to manage the volunteer hostel in the interim. The NOH advertisement in Idealist.org quickly generated over a dozen good applicants, with the top one a recent volunteer. Michael Triozzi, a 2012 graduate of Ohio State University, had served with Volunteer Nepal from March through May. Michael has done an outstanding job since taking over in July, and the following is from his annual report for Volunteer Nepal.

"I would like to begin by stating that I am especially proud of the team we have brought together. Special commendations must be given to Sunita for her diligent management of the Volunteer Nepal budget, and to Prakash, whose unflagging enthusiasm has earned him the friendship of almost every volunteer who has come through our program. Many volunteers have commented on the strength and cohesion of our current volunteer coordinators, and they deserve high praise.

...Over the past year we have established a new agriculture/cultural exchange placement at Tutung in the Nuwakot District, a village health post and school placement in the Pokhara valley, and a placement at an orphanage called "Our Children's Protection Foundation" within easy walking distance of our volunteer house. In addition, we have re-started our Lower Mustang placement, and several volunteers have had wonderful experiences teaching in our village there. The Bigu nunnery remains our most popular out-of-the-valley placement, and the new "Our Children's" orphanage placement has become our most popular placement within Kathmandu, mostly because of its proximity. The EDUC community school in Kathmandu has proved to be a popular placement as well.

In December we organized the annual Team Med trip - a group of a dozen Australian medical students from Monash University in Melbourne who spent ten days in the mountains, setting up a succession of two-day-long medical camps in three villages (Bigu, Lotteng, and KhopaChagu). These medical camps saw between 100 and 150 patients daily.... This trip poses significant logistical challenges that we wouldn't normally have to deal with: preliminary visits to the villages, creating posters to advertise the medical camps, arranging to bring along food, cooks, porters, translators, etc. Prakash and Hikmat must be commended for their skill and flexibility in managing the group along the way. A follow-up report written by a volunteer mentioned that they were "professional, supportive and always positive." [Note: Hikmat was one of the first children to come to Papa's House in 2005. He is now the oldest boy, and while in between college and university, Hikmat is helping out with Volunteer Nepal.]

We were honored to be able to host Liron Yochai of the Israeli volunteering organization Latet. Liron stayed with us for two weeks in September and was very impressed by our operations and programs. She would like to begin funneling volunteers through us (specifically to our Ramechhap placement), as soon as she can finalize the plans on her end."

Michael noted challenges facing Volunteer Nepal (including some volunteers returning early from placements and turnover in staff) and offered recommendations for improvement. He concludes his report observing that 2014 began on a very strong note with 22 volunteers arriving in January, which is well above average.

Members of the boards, in particular, Carola Drosdeck, Tamara Chant, and Bob Linscott have worked hard to promote the VN program on social media and among college-age population in the U.S. In 2013 we began contacting selective colleges to inform them about the opportunities with Volunteer Nepal.

The income from volunteer fees significantly contributes to the operation of Papa's House, including covering the stipend for the Director of Operations. In 2013 the net income from Volunteer Nepal was over \$42,000. Over the years Volunteer Nepal has been essential to the finances of Nepal Orphans Home, while enhancing the lives of the volunteers and the people in Nepal they have helped.

Moreover, several volunteers, after returning to their homes, have been inspired to start their own non-profits: including Jesse Bach, who set up Imagine Foundation to fight child trafficking and end child slavery across the world; Jehan Seirafi, who founded Sunsar Maya, which provides financial support to better the lives of orphaned and underprivileged children around the world through education; Anne Zrenda and her Aakriti's Kids Foundation, dedicated to supporting orphans with special needs in Nepal, and Justin Nimick and Laura Handy-Nimick, founders of Life's Handy Work, whose mission is to provide the children at Nepal Orphans Home with the opportunities to seek a college education, vocational training, housing, and small business grants as they grow into adulthood.



Volunteer Nepal in Action: Lost in Translation?

Outreach

Nepal Orphans Home continues to support the Shree Sham primary school in Dumrikharka, funding a hot lunch program six days a week and contributing to teacher salaries and school supplies for the village children. NOH also helps fund the operations of

the small school for twenty poor Sherpa children in Bigu. Through Volunteer Nepal, NOH sends volunteers to teach in both schools. In addition, NOH subsidizes the education of over thirty local children in Dhapasi, allowing them to attend the Skylark School.

The NOH newsletter in March contained an update on Dhan Bahadur Bohar. A neighbor of Papa's House, this young man had end-stage renal failure that required a kidney transplant. His mother was the donor and Nepal Orphans Home along with a yoga group in Canada raised the funds for Dhan's surgery and care. The transplant was successful, and in the summer Dhan began taking the tailoring class at the CEC, determined to learn a sustainable livelihood.



Dhan (right) with his parents, Pratap, and Basia, the leader of the Canadian yoga group that supports Dhan

In 2013, total expenditures for charity were nearly \$50,000, however, the \$10,000 for Dhan's surgery and care was covered by the donations from the Canadian yoga community. Also, \$25,000 in local charity were funds donated by friends of NOH for the Bigu Monastery.

Changes in Board Membership

Brenda Barger, a long-time member of the Board of Directors, submitted her resignation in early 2013, noting that she and her family would continue to support NOH. Later in the year, Elizabeth (Liz) Early of Madison, Connecticut and Anne McCadden of Marin County, California joined the NOH Board of Advisers. Steadfast supporters of NOH, Liz and Anne have volunteered through Volunteer Nepal, most recently in the fall of 2013. Anne will serve on the Financial Committee and Liz will work with the Volunteer Nepal Committee and the Chelsea Education Center Committee.

Actions of the Board

In early 2013, the NOH board of directors approved an annual stipend of \$10,000 for the director of operations, recognizing the enormous responsibilities and demanding workload of this position, and appreciative of the extraordinary effectiveness of Mike Hess, the founder of NOH and current director of operations. This amount is included in the

annual budget and paid out of the net income of Volunteer Nepal. The NOH budget proposed for 2013 was approved without dissent.

Beginning in January 2013, Anne McCadden has been helping Boo Hess with the accounting, inputting monthly expenses from Nepal and keeping general records of income and expenditures for Nepal Orphans Home and Volunteer Nepal. Our goal is to get NOH accounts in a form that can be officially audited next year. Though not required by the IRS to do an annual audit, doing so will further demonstrate NOH's financial transparency. In 2013 Nepal Orphans Home earned the GuideStar Bronze Exchange Seal for its commitment to transparency. For the silver and gold levels, official audits are required.

Elections were held in the fall of 2013 for officers of the Board of Directors, as the three-year terms were expiring. George McNeil of the Board of Directors supervised the election, with electronic voting. The current officers were re-elected: Peter Hess as president, Carola Drosdeck as vice-president, and Boo Hess as Secretary-Treasurer.

The boards discussed the importance of developing an assistant director of operations, ideally a resident Nepali, who would serve as a business manager for Nepal Orphans Home, with responsibilities for managing the budget of Nepal Orphans Home, including the expenses of Papa's House, Volunteer Nepal, and the Chelsea Education Center; and maintaining the necessary documentation and certification with government agencies in Nepal in compliance with international nongovernment organizations. This individual would also serve as director of the Chelsea Education Center.

So too the boards discussed adding a director of development, who would apply for grants, expand our social media profile, initiate fundraising, and work with the officers in overseeing the capital campaign. Ideally such a position would be funded with a percentage of the grants secured; although NOH could budget for this, as currently done with the compensation of the directors of operations and Volunteer Nepal.

A Campus for Nepal Orphans Home

We maintained our vision for a campus to consolidate our mission, despite the challenge of finding affordable land and the considerable expenses of building, not to mention the ongoing political uncertainty and systemic corruption. We explored parcels of land in the Kathmandu Valley, where a campus might be located. We discussed collaboration with Zeina Abdo, the founder of another non-profit in Nepal, the Smile for Hope Foundation, which provides for pediatric cancer patients. Our proposal involved Zeina taking the lead on fundraising, while NOH secured the land and began construction on the campus. A preliminary design for the buildings on the campus, to include the Papa's Houses, Chelsea Education Center, Volunteer Nepal Hostel, and a Smile for Hope House was drawn up and a timeline for the capital campaign was outlined. The proposed collaboration between NOH and Smile for Hope, however, did not develop.

Nevertheless, members of the boards were asked to commit to building the capital fund for NOH by: hosting events to raise funds and awareness of Nepal Orphans Home; identifying grant opportunities or funding support from corporations or foundations; contacting their alma maters and local colleges and universities to introduce NOH and generate prospective volunteers for Volunteer Nepal. In 2013, collectively, the members of

the NOH boards of directors and advisers donated directly or generated through fundraising nearly \$64,000. This is in addition to the many hours they spend working to support Nepal Orphans Home, including their volunteering in Nepal.

Some on the boards favored hiring a consultant to help us raise funds. This would likely be expensive, unless the services were pro bono. NOH has always been a grassroots organization with all members of the boards volunteering their services without any monetary compensation. Given the estimated \$1.5 to \$1.7 million cost far exceeds our current capital fund, our self-reliant approach may not be sufficient for generating the funds needed to acquire land and build our campus. The guideline before launching a public capital campaign is having solid commitments of at least 40 percent of the funds to be raised. At the end of 2013 NOH savings summed to a fifth of this total cost.

Contributions

In addition to the net income from Volunteer Nepal, Nepal Orphans Home depends on donations. In 2013, nearly three hundred individuals from across the world donated funds to NOH. Members of the NOH boards were among the most generous. We have been inspired by the gifts of friends, who have seen or heard about our good work in Nepal--like the family foundation in Ohio, the bee company in Florida owned by a Nepali woman and her husband, and the young twins in North Carolina who asked in lieu of presents that their friends attending their birthday party donate to NOH. We are grateful also to the Canadian yoga community who funded Dhan's kidney transplant, and the Smith College women who raised funds for Hope's care.

Other monetary gifts were received through benefits and fundraisers. Friends and members of our boards have organized events (from bake sales to barbeques and from yoga celebrations to fun runs), have made and sold jewelry, aprons and tote bags sporting the NOH logo, or have given presentations to spread awareness of our work.

Others have provided gifts-in-kind. A former volunteer initiated a visit to Papa's house by children from Saudi Aramco School, who arrived with fifteen large duffel bags of toys, sports equipment, and clothing. Another volunteer brought with her a large duffel bag of Legos contributed by a friend from the United States.

This is but a small sample of the generosity Nepal Orphans Home has received. Each and every donation is appreciated.

Foundation Support

NOH is fortunate to have the support of several foundations, two of which asked to remain anonymous. Board member Toni Thomson's Possible Worlds Foundation, based in Canada, has been integral in raising awareness and generating funds for our mission over the years. In 2013 Possible Worlds funded the education of twenty Papa's House children and sponsored the Valentine's Day party.

The Sanctuary for Kids Foundation, also based in Canada, in 2009 pledged C\$100,000 towards the first residential building on our future campus. In addition, in every year since the Sanctuary for Kids Foundation has generously supported our operations, funding education and nutrition of Papa's House children.

As noted earlier, Nepal Orphans Home is grateful for the support from the Sunsar Maya Foundation and an anonymous family foundation for the education of the Papa's House children at Skylark, to the Life's Handy Work Foundation for covering the college costs of our older children, and to Aakriti's Kids Foundation for providing for Aakriti.

Initiatives

Carola Drosdeck, our vice-president, arranged for NOH to be a community partner with the Nepali film *Highway* that was shown in the Cleveland International Film Festival in April. Carola and Boo distributed promotional materials about NOH at the festival. Tamara Chant, also a member of the Board of Directors, and Carola helped the director of the film arrange additional screenings in other locations.

Under the initiative of Tamara, NOH began to explore collaboration with Liron Yochai and Latet, the nonprofit Israeli Humanitarian Aid Organization. Latet may send skilled volunteers to Nepal through our Volunteer Nepal program, which would significantly improve our ability to provide needed services to the poor, whether assisting in medical clinics, promoting sustainable energy in Dumrikharka, teaching in remote schools, helping other nongovernmental organizations such as CAP-Nepal, or offering workshops and vocational training in NOH's Chelsea Education Center.

Another initiative of Tamara and Carola was to establish a summer internship through their alma mater, Smith College, for an enterprising student to come to Nepal Orphans Home to learn how to operate a non-profit.

In 2014 we hope to develop further the Chelsea Education Center's sustainable livelihoods program with additional vocational training and life skills workshops. Nearly 90 children in Papa's House will be eligible for vocational training. We are in the early stages of establishing a hot lunch program at the Skylark School, which will not only improve the midday meal, but provide training for our children in culinary skills and running a business.

We will continue working with Liron and Latet on their interest in the Chelsea Education Center and Volunteer Nepal. We will continue to raise funds for our operations, hoping to build our capital fund. Most of all, Nepal Orphans Home will continue to provide the best environment possible for Papa's House children to grow and develop.

Conditions in Nepal

Nepal remains a challenging place to live and operate, as captured by this overview from the CIA World Factbook [<https://www.cia.gov/library/publications/the-world-factbook/geos/np.html>]

Nepal is among the poorest and least developed countries in the world, with about one-quarter of its population living below the poverty line. Agriculture is the mainstay of the economy, providing a livelihood for three-fourths of the population and accounting for a little over one-third of GDP. Industrial activity mainly involves the processing of agricultural products, including pulses, jute, sugarcane, tobacco, and grain. Nepal has considerable scope for exploiting its potential in hydropower, with an estimated 42,000 MW of feasible capacity, but political instability hampers foreign

investment. Additional challenges to Nepal's growth include its landlocked geographic location, civil strife and labor unrest, and its susceptibility to natural disaster.

The World Bank adds, [<http://www.worldbank.org/en/country/nepal/overview>]

Political instability has been the defining feature of the Nepali state during the last two decades. Nepal has had 20 governments since the introduction of democracy in 1990. The country is still emerging from the conflict with some aftershocks. In the past five years, Nepalis have witnessed the signing of a peace agreement between the former Maoist rebels and the state, a new interim constitution, the election of a Constituent Assembly, the abolition of monarchy and declaration of a federal republic, five governments, and the rise of strong ethnic identity movements.

The conflict and the prolonged transition to peace and stability have contributed to a progressive erosion of the effectiveness of some state institutions. For instance, poor law and order is a growing concern, particularly in certain geographic areas. Also, the conflict raised awareness that the Nepali state had been associated with exclusionary political, social, and economic institutions that did not reflect the country's diversity. This has led to the rise of identity politics with an increasing demand for state recognition and greater accommodation of diverse social, cultural, and ethnic identities.

Among the challenges facing Nepal, the World Bank cites:

Poor reliability and access to power are the most serious infrastructure bottlenecks to growth. Increasing access to electricity in a timely and cost-effective manner is one of the most significant development challenges facing Nepal today.

Poor physical connectivity has been another major challenge to Nepal's development efforts. Its road density is one of the lowest in South Asia. Over one-third of the people in the hills are more than four hours away from an all-weather road.

Increasing access to secondary education (grades 9-12) remains a major challenge, as evidenced by the disturbingly low net enrollment rate of 24 percent at this level. More than half of primary students do not enter secondary schools, and only one-half of them complete secondary schooling. In addition, fewer girls than boys join secondary schools and, among those who do join, fewer complete the 10th grade.

While there has been substantial progress on health indicators, malnutrition remains very high. About 47 percent of children under 5 are stunted, 15 percent wasted, and 36 percent underweight. Although there has been a declining trend for these rates over the past five years, they remain alarmingly high.

Nepal is highly susceptible to climate change risks and ranks 11th in the world in terms of vulnerability to earthquakes. Climate change is expected to intensify Nepal's already pronounced climate variability and increase the frequency of climate extremes such as droughts and floods.

Preoccupation with the prolonged political transition has overshadowed economic issues. As a result, inadequate attention has been given to reforms that could improve the investment climate, stimulate growth, and create more private-sector jobs.

Finally, excerpts from Mikel Dunham's blogs illustrate developments in 2013

[<http://www.mikeldunham.blogspot.com>]:

The streets of Nepal's sprawling capital are choked with traffic and diesel fumes. The worst are lined with half-smashed houses and rubble—a legacy not of war but of a half-finished road-widening

scheme. Well-meant but stalled, it has made getting around Kathmandu more awkward. Under monsoon rains, muddy swamps jam the traffic even tighter.

In a similar state is the half-done political reform in Nepal, whose nearly 30m people are wedged between India and China. A four-year effort to write a new constitution ended last May... Nepal limps on with ad hoc rule by Khil Raj Regmi, seconded from his day job as chief justice. He has just called an election for a new constituent assembly, on November 19th. [Mikel Dunham ("An election is called, but political stability remains a distant dream," June 22, 2013)]

Nepal did hold elections in November. As Dunham reports:

The Nepali Congress (NC) emerged as the single largest party, winning 105 of the 240 seats under the first-past-the-post category. ...The Communist Party of Nepal (Unified Marxist-Leninist), better known as the UML, won 92 seats...and the Maoists received a drubbing. Their party, which prevailed in the 2008 elections with 120 seats, limped in this time with a humiliating 26 seats. [Mikel Dunham (Nepal's 2013 Election Results: Maoists big losers while Centralists prevail, November 27, 2013)]

That Nepal Orphans Home operates so well under these conditions is testament to Mike Hess and his staff. It is unclear whether the election will bring political stability and effective governance in Nepal. Nevertheless, Nepal has generated modest economic growth over the last few years and with good leadership could realize its potential for significant development.

Financial Statement for 2013

Below please find the financial statement for Nepal Orphans Home for 2013. For the year, income from donations, volunteer fees, and grants totaled \$369,657 (an increase of 16.7 percent from 2012). The total expenses of NOH summed to \$307,211 (an increase of 16.4 percent from 2012). Consequently, the net income for 2013 was \$62,446 (an increase of 18.0 percent over 2012).

Total expenses for Papa's Houses, Chelsea Education Center, and Administration and Fundraising summed to \$192,083, or less than \$1,400 per Papa's House child. Administration and Fundraising as a share of total expenses of Nepal Orphans Home in 2013 was under seven percent. Net income for Volunteer Nepal in 2013 was \$42,208.

NOH savings stood at \$342,535 entering into 2013. Of this, \$172,585 was restricted for the Campus Fund and Chelsea Education Center.

The proposed budget for Nepal Orphans Home for 2014 follows the financial statement.

**NEPAL ORPHANS HOME Statement of Expenditures and Income
January 1 - December 31, 2013**

Figures are expressed in U.S. dollars, converted from the actual expenditures in Nepalese rupees using an exchange rate determined each day.

Papa's House Expenditures:

\$ 37,488 Property

- \$ 27,287 Leases on Children's Homes and Playground
- \$ 1,676 Lease on Cottage and Garden
- \$ 4,085 Repairs and Improvements at all Houses
- \$ 1,558 Utilities at all Houses
- \$ 1,682 Cost of Furniture
- \$ 1,200 Supplies for the Homes

\$ 72,168 Childcare

- \$ 58,520 Food
- \$ 6,161 Clothing
- \$ 5,184 Supplies
- \$ 2,303 Medical

\$ 1,910 Special Care Children

- \$ 1,245 Aakriti
- \$ 665 Hope Angel

\$ 27,013 Education

- \$ 17,236 Skylark Tuition, Exam Fees, Tutors
- \$ 2,186 Higher Education Expenses
- \$ 2,159 Enrichment and Entertainment
- \$ 4,787 Uniforms, Books, Supplies
- \$ 645 Internship

\$ 836 Local Transportation
\$ 1,591 Transport to Home Villages
\$ 14,525 Staff Wages

\$155,531 Total Expenses for Papa's Houses

\$ 16,468 Chelsea Education Center

Administration and Fundraising Expenditures:

\$ 6,309 **Communication and Fundraising**
 \$ 100 Fundraising
 \$ 283 Online Service
 \$ 2,022 Web Site Maintenance
 \$ 3,904 Computers and printing

\$ 13,775 **Business, Accounting and Banking**
 \$ 2,942 Business (registration, office supplies, visa, etc.)
 \$ 1,162 Accounting
 \$ 4,494 Banking Fees
 \$ 5,177 Currency Conversion Fees

\$ 20,084 **Total Administration & Fundraising Expenses**

\$ 49,669 **Other Charity given in Nepal:**
 \$ 10,367 Local and other Charity
 \$ 25,701 Sherpa School and Bigu Monastery
 \$ 3,230 Shree Sham School (Dumrikharka)
 \$ 10,371 Dhan Bahadur

\$ 65,459Volunteer Nepal Program:

- \$ 31,780 Food, transport, placements, sightseeing, other VN exp.
- \$ 7,033 House lease, furnishings and utilities
- \$ 3,276 Volunteer Nepal director payroll
- \$ 10,000 NOH Director stipend
- \$ 9,567 Volunteer Nepal staff wages
- \$ 3,803 Director's visas, travel and FICA

\$ 307,211..... Total Expenditures for Nepal Orphans Home in 2013

Nepal Orphans Home Income:

- \$ 206,960 Donations
- \$ 53,079 Grants
- \$ 107,667 Volunteer Nepal Fees
- \$ 1,951 Interest

\$ 369,657 Total Income for Nepal Orphans Home in 2013

\$ 62,446 Net Income for Nepal Orphans Home in 2013

NEPAL ORPHANS HOME Proposed Budget for 2014

The assumptions underlying the proposed budget for 2013 include:

1. The number of children provided for in the five Papa's Houses in Dhapasi will be maintained at approximately 140.
2. A projected increase of ten percent for grounds and buildings under lease, to allow for inflation.
3. A projected general increase of ten percent for childcare, staff expenses, supplies, and other operating costs, allowing for inflation. Aakriti's extra expenses are a separate line item under Childcare.
4. A projected increase for school tuition and expenses at Skylark School, allowing for additional enrichment programs, of ten percent. A doubling of higher education expenses to allow for increased fees and additional children attending college.
5. A projected increase of fifty percent in the line item for the Chelsea Education Center and the Sustainable Livelihoods Program to allow for additional children and vocational training.
6. A projected increase of ten percent in business and fundraising expenses, to include web site maintenance, accounting and legal expenses, and banking fees.
7. Local and other charity, support for the Sherpa and Shree Sham schools is budgeted to increase by ten percent. The line item for Bigu Monastery is dropped, as \$25,000 was a one-time designated contribution by friends of NOH. The line item for Dhan Bahadur is replaced with one for \$3,000 in support of a local home for blind children.
8. Growth of ten percent in the number of volunteers to 130, with increases of ten percent in income and operating expenses for Volunteer Nepal to account for growth in the program and inflation.
9. Growth of ten percent in donations.
10. NOH will continue to pursue foundation support and other grants, and a ten percent increase in current grants is budgeted. Any capital campaign is separate from this proposed budget.

Notes: Projections of income and expenses are necessarily conditional, in particular on no further political instability or unrest in Nepal. A general rounding of estimates to the nearest hundred dollars is used.

Papa's House Expenditures:

\$ 41,200 Property

\$ 30,000	.....	Leases on Children's Homes and Playground
\$ 1,800	.....	Lease on Cottage and Garden
\$ 4,500	.....	Repairs and Improvements at all Houses
\$ 1,700	.....	Utilities at all Houses
\$ 1,900	.....	Cost of Furniture
\$ 1,300	.....	Supplies for the Homes

\$ 80,800 Childcare

\$ 64,400	.....	Food
\$ 6,800	.....	Clothing
\$ 5,700	.....	Supplies
\$ 1,400	.....	Aakriti
\$ 2,500	.....	Medical

\$ 31,800 Education

- \$ 19,000 Skylark Tuition, Exam Fees, Tutors
- \$ 4,400 Higher Education Expenses
- \$ 2,400 Enrichment and Entertainment
- \$ 5,300 Uniforms, Books, Supplies
- \$ 700 Internship

\$ 900 Local Transportation

\$ 1,800 Transport to Home Villages

\$ 18,300 Staff Wages

\$172,500 Total Expenses for Papa's Houses

\$ 25,000 Chelsea Education Center

Administration and Fundraising Expenditures:

\$ 6,900 Communication and Fundraising

- \$ 100 Fundraising
- \$ 300 Online Service
- \$ 2,200 Web Site Maintenance
- \$ 4,300 Computers and printing

\$ 15,100 Business, Accounting and Banking

- \$ 3,200 Business (registration, office supplies, visa, etc.)
- \$ 1,300 Accounting
- \$ 4,900 Banking Fees
- \$ 5,700 Currency Conversion Fees

\$ 22,000 Total Administration & Fundraising Expenses

\$ 18,800 Other Charity given in Nepal:

- \$ 11,400 Local and other Charity
- \$ 800 Sherpa School (Bigu)
- \$ 3,600 Shree Sham School (Dumrikharka)
- \$ 3,000 Home for Blind Children

\$ 72,000 Volunteer Nepal Program:

- \$ 35,000 Food, transport, placements, sightseeing, other VN exp.
- \$ 7,700 House lease, furnishings and utilities
- \$ 3,600 Volunteer Nepal director payroll
- \$ 11,000 NOH Director stipend
- \$ 10,500 Volunteer Nepal staff wages
- \$ 4,200 Volunteer Nepal Director's visas, travel and FICA

\$ 312,600..... Total Expenditures for Nepal Orphans Home in 2014

Nepal Orphans Home Income:

- \$ 227,700 Donations
- \$ 58,400 Grants
- \$ 118,400 Volunteer Nepal Fees
- \$ 2,100 Interest

\$ 406,600 Total Income for Nepal Orphans Home in 2014

\$ 94,000 Net Income for Nepal Orphans Home in 2014

- \$90,000 Allocation to Capital Fund
- \$ 4,000 Allocation to Contingency Fund



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