



nepal orphans home

Annual Report 2014

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 2014

In 2014, 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 expanded its vocational training program and once again Volunteer Nepal significantly contributed to our work in Nepal.

Papa's Houses

NOH began 2014 with 141 children in our five Papa's Houses. At the close of the year, we were providing for 136 children: 37 girls in Samanjasya (Harmony), 31 girls Kalpana (Imagine) House, 34 girls in Gumba (Sanctuary) House, 29 boys and one girl in Sambhav (Possibilities) House, and 4 college girls in Papa's Cottage House. The attrition reflects older children not returning from their family villages after Dashain or voluntarily leaving Papa's House, finished with their schooling and transitioning into society.

Each of the houses is well managed by Nepali staff. Anita Chaudhary runs Samanjasya House, the largest of the five homes, ably assisted by Dawn Kumari, a loyal staff member since 2005. Anita Mahato, one of the first children to come to Papa's House in 2005, manages Kalpana House, assisted by her sister, Sunita. Gita Lama, who has also been with NOH since 2005, is in charge of Gumba House, with assistance from Deepa and Cila, two of the older Papa's House children. Sam Isherwood manages the boys of Sambhav House. In addition to the resident managers and their assistants, each house has a cook and 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.

This year we opened a transition house for our college girls. The house is a small cottage that we originally rented and used for an office, library, art room and guest quarters. The cottage is next to our Samanjasya House and main grounds. The girls are responsible for taking care of themselves, living on a budget, maintaining good grades and walking to college and back on time. There are no other restrictions. Michael reports that the girls are doing great; they are serious in their studies and often gravitate over to help Dawn Kumari at Papa's Samanjasya House.

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 2014, total expenses for property leases of the five Papa's Houses, Chelsea Education Center, Volunteer Nepal House, and a new NOH Teacher's House and Office exceeded \$39,000.

Child Care

When a child arrives at Papa's House, NOH commits to providing for his or 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.



Our children on the main grounds outside Samanjasya House

During 2014 half of the members of the NOH boards visited Papa's House to volunteer their services. All confirm 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 well provided for and happy. As Michael Hess, founder and director of operations puts it:

Each day here is resplendent. We are a family of 150 or so individuals with our own thoughts, needs, wants, fears, hopes and disappointments inspired by or resultant of the family as a group. We operate each day with a well-defined schedule, full of opportunity to expand one's horizons and prepare for one's future. School consumes the largest part of the day, vocational school follows, and early mornings have basketball, Tae kwon do, running, walking, sipping tea and talking or finishing up homework before breakfast. The routine is good; it's comfortable and nudges everyone forward a little bit more each day.

Hope Angel celebrated her first birthday on April 30th attended by her 140 brothers and sisters, our didis and managers, and volunteer staff. Hope is an amazing little girl with eyes that twinkle and an infectious smile. In late July, Hope was fitted for her first prosthetics.



Papa and Hope

Children's Council

In an effort to encourage the children to take a greater role in decision making within and among the houses, a Children's Council was established. In August, Michael and the house managers asked the children in each house to vote for a representative who would be available to discuss individually or in groups any complaints, concerns, or suggestions the children might have. Questions and compliments are also encouraged. Next, the "house captains" prepare a list of issues their housemates wish to have discussed at the monthly meeting of the Council. Each month the captains meet with the house managers and Michael to discuss the issues raised and

design collective resolutions. The decisions are then reported back to the individual houses and so far have included greater variety in Saturday tiffin menus, small group outings with a house manager on a revolving basis, and delivery of a daily newspaper to each house. The representatives are learning management skills and the children are actively engaged in practicing effective communication and problem-solving skills.

In 2014 total expenditures for childcare, including food, clothing, supplies, and medical care exceeded \$64,000. Nearly seventy-five percent of this was food expenses.

Education

Of paramount importance is providing our children with a good education. The children of Nepal Orphans Home (NOH) are encouraged to continue their schooling for as long as possible. Many of our children were deprived of education before coming to Papa's House, and consequently are behind in the normal grade levels. Our children in grades one through ten attend the Skylark School, a nearby English-medium school. Eleven of our older children currently attend college and one, Anil ranked first in his pharmacy class at Kathmandu Medical College.



Anil at Kathmandu Medical College studying pharmacy

In the summer of 2014, two friends of Nepal Orphans Home, Rani Nazam and Kim Goldsworthy, with an impressive fund-raising initiative, "Hiking for Hope," generated over \$30,000 to support the education of Papa's House children. NOH placed an advertisement in Idealist.org for three teachers. One was for a Secondary Studies Program to teach the ten children, between the ages of 17 and 20 having difficulty in their respective classes 7 and 8. The intention was to accelerate their learning by increasing their reasoning abilities and understanding in order to pass the class 10 school leaving exam within 12-18 months.

The second, a Striving Learners Program, was to teach ten of our young girls in classes 3 through 5 currently achieving excellent results at Skylark, but capable of even more with a curriculum that was project-based, interactive and emphasized the development of problem-solving and critical thinking skills. If the results are successful, this program will be expanded to other children living at NOH.

The third position was to lead a Teacher Education Program to work with the teachers at Skylark School increasing their knowledge of subject matter and expanding their repertoire of effective teaching methods including (but not limited to) the use of formative assessment to guide instruction, meeting individual learning needs, and planning lessons that actively engage the students and promote critical thinking.

In 2014, total expenditures on education exceeded \$35,000, over two-thirds of this amount was for Skylark School tuition and fees. Nepal Orphans Home is grateful to the Sanctuary for Kids Foundation, Possible Worlds Foundation, and Sunsar Maya Foundation for supporting the annual education costs of the Papa's House children at Skylark, and to the Life's Handy Work Foundation for covering the higher education expenses of our older children.

The Chelsea Education Center

NOH established the Chelsea Education Center (CEC) with a Sustainable Livelihoods Program to provide vocational and life skills training. The CEC's primary purpose is to support the transition of our children to young adulthood and productive, fulfilling lives. In the next four years we will have a total of fifty-five children completing grade level ten. Some of the children will qualify for and advance to college. Others, however, will rely on vocational training.

In 2014, the second year of vocational training, classes have been added in shoe making, cooking, and German, and the life skills workshops have begun. In May NOH received a grant of \$10,000 from St. Margaret's Church of Annapolis, Maryland, to purchase equipment for the Chelsea Education Center. Later in the year, NOH received a private donation towards funding equipment in the shoe making class to allow the children to make sport shoes as well as sandals and dress shoes for both men and women. As Michael Hess notes:

Already we have had requests for our children to sell school shoes to the public, which we have held off for the sake of our cobbler neighbors; but we will try to find a way to have a business without hurting theirs. In the music classes we were able to buy many more guitars, keyboards and stands so that every student has their own during class. We have bought many new laptops for the children in the computer basic and programing classes so that each child has one assigned to them. Our tailoring class is now making all the children's uniforms and fun wear. This is another area in which we could open a shop tomorrow and keep the children very busy in their free time. The kids are getting older and some want to drop out of school; they are in their late teens and still only in class 7 or 8. It is these children who have acquired the skills that have them ready today to open a shop of their own if and when they decide to make that move. They would use our facilities into the foreseeable future in order to do so while learning how to run their own small business.

Excerpting from Michael's summary of the vocational classes in 2014:

Motorcycle repair:

This has been a valuable course. We have exhausted three motorcycles in their dissection and rebuilding numerous times. The boys in this class individually feel they possess the knowledge to analyze any problem with any of these bikes and repair them.

Guitar:

During the sign-up last April, we had over 60 students request learning the guitar, all but 5 from outside our home. We let the Skylark students understand that, if they sign up, they would be required to attend every day or lose the privilege of attending the class. This reduced the sign-up to 10 students that has seen an attrition rate to a present class size of 2 students. The teacher is wonderful and our two students truly

dedicated, but at a cost of \$100 a month for the teacher we need to evaluate the future interest before committing to another year.

Music Voice:

The same 10 NOH children remain in the class since its inception and a few Skylark children have begun this year. The teacher is a professor at the Kathmandu Music College and is very good. This year the students will be entering the studio to produce 6 songs.

Music Keyboard:

Similar to guitar, we had an impressive sign-up, but the children did not have the discipline to continue. We are down to 5 children who love it and attend daily.



Hard at work in the Shoe-Making Class

Anita with her latest

Mobile Phone Repair:

The first year and a half was a major success with about 12 boys and girls learning what they needed to know to open a shop. Starting this year, we did not have any NOH children interested who were 15 and older. Keep in mind that we are a home mostly consisting of girls and those few interested in this subject all took it the first 18 months. There were 7 Skylark children in the class but only two regularly were present. In July the instructor requested around \$400 in new equipment to continue the class. With only two students coming every day I decided to stop the class and box up the equipment. We will possibly see the interest in April and, if it is sufficient, we can begin again; if not, we will sell off the equipment.

Computer Hardware:

This is a class with very enthusiastic students. We were surprised to learn in May that the instructor had been selected to go to Vermont as a representative of a local organization to attend a month-long workshop. He remains there 5 months later, finding it preferable to Nepal. Dhiraj Yadev, our own child, who has a keen interest in computers and had taken the hardware course for 18 months, said he could teach the course until the instructor's return. He has done a good job, but we have found a replacement for him who will begin after this October vacation. The mix of students in the class is around 60% NOH and 40% Skylark, the few girls in class are ours.

Computer MS WORD:

The sign-up for this class was overwhelming. We limited enrollment to 28 in two 14-student sessions. This is an introductory course taught by one of our Skylark teachers who is in her 4th year of a 5-year IT Course in college, and by another Skylark teacher who teaches Q-Basic at the school. He additionally teaches the programming course we have. The population of these 28 children is 80% NOH. We had purchased 14 new laptops for this course.

Computer Q Basic:

The same ten children have been in this class for 2 years. I am not convinced of the teacher's ability to really reach the children. He is an intelligent man, but maybe not a teacher, and the children are hardworking and willing but have not learned how to learn. Their progress seems quite slow. A serious evaluation of this class is necessary by a western trained teacher of programming.

Cosmetology:

This is a one-year course at its slowest. The interest in it was very large in our first 18 months, starting the second year only 9 signed up. We have a finite pool from which to draw and as children are becoming more "sophisticated" they tend to be less interested in this type of skill. We presently have 5 children attending just one session, 3 of these children are our college girls. The other two are older girls having trouble in their school achievements.

Tailoring:

As opposed to Cosmetology this continues to attract a robust following. We have some of the same girls who started this course in the very beginning still attending, mostly just to have time at the machines to make uniforms and kurta sulwars for their brothers and sisters. These girls ask for time during holidays to work in the room making new clothes and repairing those of all our family. At present we have maybe 5 girls who make uniforms well enough to open a shop of their own.

German:

We have a great teacher here. The initial sign-up was around 24 students, so we created two sessions. The drop out in the first month left us with 16 eager and disciplined NOH children. The course was created to offer the children the opportunity to get a work visa in Germany as an au pair. We have several close German friends who recommended this. They would all serve to find families for our children to work for. The life of an au pair in Germany is quite nice, 40 hour week, good pay and after one year the government will help the au pair to attend vocational training in Germany... Additionally learning German has opened their minds as it is taught differently than the teaching at Skylark and they seem all to be doing better at school because of it.

Shoe Making:

We have two sessions a day. The children have mastered school shoes. As of their last class before Dashain they produced 97 pairs of shoes, 30 for two different outside orders and 67 for our children. The kids love the class. They will be working in canvas next to make our white school shoes. Then sandals which will start them in designing, then sneakers after to again help them design and produce their own work.

In sum, the Chelsea Education Center's Sustainable Livelihoods Program of vocational training is off to an excellent start over our first two years of operation. At the end of 2014 Nepal Orphans Home was awarded a \$10,000 grant from Latet, an Israeli Humanitarian Aid Organization, for funding our vocational training instructor salaries in 2015. We are grateful to

St. Margaret's Church and Latet for these grants and to all the private donors to the Chelsea Education Center for their investments in our children.



Chelsea Education Center computer class



Chelsea Education Center tailoring class

A core curriculum for Life Skills is also being developed in the Chelsea Education Center, with the flexibility to incorporate special workshops that might be offered by VN volunteers. Children on either the academic or vocational track will attend the Life Skills workshops, also offered outside of their normal schooling. Expected subjects in this core curriculum include basic health education, critical thinking, research skills, public speaking, and basic business knowledge. Files for each student will be kept, recording the vocational courses and life skills sessions attended and ultimately evaluation from the teachers on the level of skills attained. Lauren Yanks of the Board of Advisers and Glenn Detrick of the Board of Directors offered workshops during the year on public speaking and critical thinking.

The importance of every child having a plan to transition into society is recognized. Each child will be empowered by the CEC staff in the setting of goals and developing their plans. We will strive to have all of our children able to either earn a living (whether gainfully employed or operating their own business) or studying in university, by the age of twenty-one.

Accordingly, starting at age fifteen, all children will be encouraged to learn a trade either through the vocational training of the Chelsea Education Center or an apprenticeship in an approved occupation, in concert with their normal schooling. Children not able to pass the Secondary Leaving Certificate (SLC) exam by the age of nineteen will receive full-time vocational training until age twenty-one. NOH would then help the young adults find employment or subsidize the individuals' opening a business. Other children who have made sufficient progress in their formal education will be on the academic track and may continue on to college. NOH will continue to subsidize their higher education. After graduation from college, the child would be expected to leave Papa's House. NOH would establish a Papa's Transition House for those young adults of age twenty to facilitate their transition into independent living.

Café

Our Café opened on the Skylark School grounds in the spring of 2014 and has found its rhythm under the talented and professional skills of Lachi. A revised menu has increased the daily volume to average 300 meals served. Lachi has a deft touch that teases the palette and brings smiles to students and teaching staff alike, so they return to class happy and energized. She manages to provide great nutrition at a cost of less than 15 cents per plate, the fee we charge the staff and village students.



Lunch break at the Café



Lachi (center) and her assistants, Saraswati and Rukmani

Enrichment

With school six days a week and after-school vocational training, homework, and extracurricular activities, Papa's House children follow a busy schedule. Saturdays are free days, a time when all the children gather at the main campus of Samanjasya House for a common meal and play.

As part of a university course project, Australian volunteer Chloe Carrucan started a "Book Club" reading program for our early teen girls in June. The first book on the list was the Roald Dahl's classic, *Matilda*. The groups meet on Saturday. As Carola Drosdeck of the NOH Board of Directors noted when she volunteered at Papa's House in October, "Selecting quality literature with universal themes will help expand horizons as well as practice reading skills and encourage independent reading for pleasure. The girls enjoy reading aloud to each other and discussing what they read along the way."

Each house has a selection of books available to the children. Picture books of varying quality are available in the largest quantity. Carola organized a "book swap" among the houses—a representative from each house brought 15-20 books their housemates no longer needed. "New" books were then selected from the combined piles to take back to their houses.

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 and special outings for those children not returning to their family villages.

While the house managers and most of the staff took the holidays off, the children staying in Dhapasi the month enjoyed a relaxed and good time. During the month there were eight field

trips, including one to the National Gardens, a sprawling Eden-like landscape surrounded by mountains.



Knitting on a warm afternoon during Dashain



Birdwatching at the National Gardens

This year, the American tradition of Thanksgiving was introduced. As Michael described:

Today is Tuesday the 25th of November. Three weeks ago, I had what seemed a good idea that we should celebrate Thanksgiving. After lunch one Saturday we assembled all the children and some of the visitors we had, and in an impromptu talk I told all the children the history of Thanksgiving with little concern for historical accuracy, creativity assisting the point I was trying to make, that this is a day celebrated in America in which all people look inward and reflect upon their lives and what they are thankful for and turning that into expressions of care for others.

...The kitchen in which I will produce this meal (with plenty of conscripted help) has three gas burners, two small and one large upon which food for a potential 180 will somehow come together. A vegetarian feast trying to replicate Thanksgiving, all from scratch, from stuffing to pearled onions, candied yams, green bean casserole, garlic mashed potatoes, mushroom gravy, rolls and butter. Chocolate bars and oranges for dessert. What will save this day is what is most notable of our home, the children and staff, the love and care, the good humor and sharing that exist here.



Thanksgiving dinner, served outside



Enjoying new dishes...a tradition to be continued

Volunteer Nepal

This has been another good year for Volunteer Nepal with a stable and reliable staff led by Michael Triozzi as director who held the post for 15 months—a record among our seven previous directors. Mrs. Pandey has been assistant director for over two years, managing the accounting of expenses and fees and arranging the logistics of volunteer travels within Nepal. Four other staff members include a cook/housekeeper and three others who run the orientation program for new arrivals, and who accompany volunteers to and from their placements. For the year there were 113 volunteers.

Michael Triozzi established positive relations among the VN staff and created a welcoming environment for our volunteers. An improved orientation for incoming volunteers has involved more volunteers with the activities in Papa's Houses, especially helping with after school homework sessions and participating in Saturday events with the children.

This year also included a smooth transition to a new director, Eileen Witham, a two-time volunteer (2012 and earlier in 2014) from New Zealand. Eileen arrived in mid-September, a couple of weeks before Michael Triozzi left, for orientation to the operations of Volunteer Nepal, and quickly was doing a great job.

Volunteer Nepal has many placements, including teaching at schools, assisting in medical clinics, improving community health, assisting at government orphanages, helping in village agriculture, and working with other nongovernmental organizations. A relatively new placement is with Chhori, formerly CAP-Nepal, a non-profit organization based in Kathmandu that addresses gender-based violence in Nepal through advocacy, education in grade schools, counseling, and providing shelter for abused women.



Sirkkha from Finland has volunteered numerous times



Volunteer helping renovate a village school

The income from volunteer fees significantly contributes to the operation of Papa's House, including covering the stipend for the Director of Operations. In 2014 the net income from Volunteer Nepal was over \$45,000. 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.

Outreach

As part of our mission, Nepal Orphans Home contributes to local charities. In 2014, total expenditures for charity were over \$18,000. NOH 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. In addition, NOH subsidizes the education of seventeen local children in Dhapasi, allowing them to attend the Skylark School. Other NOH charity includes the support for a crippled woman and her three small children and a blind college girl.



Papa's House boys helping a family move



The family in their new home

At its November meeting, the Nepali Board of Papa's House indicated a desire to be included in decisions regarding community outreach projects. Members felt they could provide additional background and information on those seeking assistance and that they could also "run interference" between Michael Hess and the recipients, helping them to understand that the support was a temporary remedy rather than a long-term arrangement.

Actions of the Board

Early in the year, the 2014 budget for Nepal Orphans Home proposed in the NOH Annual Report for 2013 was approved. Board members recommitted to serving Nepal Orphans Home. In 2014 the NOH Board of Advisers was consolidated with Rick Bieterman, Greg Gregory, Aaron Hess, Jerry Hess, Marc Nathanson, and Katy Welter stepping off the board. In April the Board approved a proposed project with Skylark School, which involved construction of a building on the Skylark School grounds to house the Chelsea Education Center. Higher than expected construction costs, however, helped to scuttle the project.

In May, Pratap Chetri, who had been the live-in manager of Papa's Sambhav House for boys since November, 2010, and had managed the Café when it opened on the grounds of the Skylark School in January 2014, was dismissed from the staff for dishonorable conduct. Sam Isherwood, a former volunteer from Washington, who has been coming to Dhapasi for the last five years, each time staying for several months to help with our operations, became the manager of the boys' home. Lachi, who had served as manager of Indreni House, became the manager of the Café.

The board of directors of Nepal Orphans Home met in Davidson, North Carolina, on October 11-12, 2014. All the directors were present (with Toni Thomson joining the meeting via Skype from her home in Toronto). Lauren Yanks of the Board of Advisers also participated and on the Sunday morning meeting, the board skyped with Michael Hess in Nepal. Reports from the NOH Committees (Governance, Volunteer Nepal, Chelsea Education Center, Communications, Finance, and Strategic Planning) that had been disseminated prior to the meeting were discussed. Revised NOH By-laws were reviewed and adopted.

Beginning in 2014, the financial accounting for Nepal Orphans Home has been shared between Boo Hess, the NOH Treasurer, and Anne McCadden and Liz Early of the Board of Advisers. With the NOH accounts now on QuickBooks, we are closer to having our accounts audit ready. Though not required by the IRS, an audit will give greater credence to NOH's careful spending. The directors agreed that NOH could hire an accountant to maintain the QuickBooks accounting.

A New Vision

At the board of directors meeting, a new strategic vision was discussed and approved. Given the high cost of building a campus, the ongoing political instability, pervasive corruption, and difficulty in securing capable, on-site, upper management to help Michael direct the operations of Nepal Orphans Home's Papa's Houses, Chelsea Education Center, and Volunteer Nepal, the original vision the board adopted in January 2009, which set forth the goal of our own integrated campus in the Kathmandu Valley, no longer appears to be feasible. Moreover, realizing that Michael Hess has always been and remains absolutely essential for the operation of NOH, and that even with good health his work as director of operations may well be limited to the next decade, a consolidation of our operations in Nepal seems warranted.

Beginning in 2015, Nepal Orphans Home will no longer accept new children, except perhaps in extraordinary situations. We will focus our resources on those Papa's House children currently under our care. As our children age and graduate from NOH, we will begin to phase down the number of children and the number of Papa's Houses. Based on the children currently provided for, it is projected that by 2017, Papa's House will have 113 children and 55 children by 2020. Accordingly, the number of Papa's Houses would be reduced from four to three to two.

Consequently, Nepal Orphans Home will not plan to buy land and build a campus as originally envisioned. Instead, NOH might purchase a large lot in Dhapasi and construct a single building, which could serve as a Papa's House as we continue to provide for care for fifty or so children or converted to a Chelsea Education Center. Until then, the CEC and Volunteer Nepal will continue in leased buildings. Hopefully, in the future we will have in place Nepali management of the programs. At this point, Michael Hess, the initial and current director of operations, might be ready to 'retire,' and our operations will have been considerably consolidated and thus more sustainable.

It is possible, however, that political conditions and the environment in Nepal may significantly improve, and that we might identify the next generation of leadership and management for our operations in Nepal, and that NOH might be gifted large donations that make having an integrated campus feasible. None of this is foreclosed by the present strategic plan, but this all happening does seem to be a rather long shot. Therefore, in the next few years, NOH will continue to develop the Chelsea Education Center and its sustainable livelihoods program of vocational training and life skills workshops. We will graduate a number of our older

children from college (the academic tract) and another group with the skills to secure employment or start their own businesses (the vocational tract). As these young adults leave Papa's House, we can consolidate housing. We still can selectively add new children, but some natural attrition is desirable.

In the longer run, Nepal Orphans Home may have two Papa's Houses, for a total of 40-50 children, a transition house for our children in college or finishing up their advanced vocational training, a robust Chelsea Education Center, an endowment for the higher education of our children and seed money for business start-ups, and a thriving Volunteer Nepal with annually 125 volunteers, some of whom might instruct in the CEC. Developing good on-site management, maybe including some of our current children, will be essential. After ten years of dealing with the vagaries and complexities of Nepal, Michael Hess should be allowed to phase into 'emeritus status' mentoring the on-site directors of operations and the Chelsea Education Center and guiding the organization. So too, identifying the next generation of our board leadership will be important.

The Nepali Board for Papa's House

The Nepali Board met formally for the first time in November of 2014. Carola Drosdeck of the NOH Board of Directors, volunteering at Papa's House at the time, was invited to attend. She briefed the Nepali Board on plans and projects for NOH, including the emphasis on the CEC and helping the older children transition to independence.

The board members (Ram Barkoti, Owner of Nepal Social Treks; Dawn Kumari, Assistant Manager of Samanjasya House; Gita Lama, Manager of Gumba; Anita Mahato, Manager of Kalpana House; Sunita Pandey, Volunteer Nepal Coordinator/Bookkeeper; Santosh Pant, Actor and Social Activist; Gaya Prasad Pandey, Social Studies Teacher at Skylark School; Narayan Sharma, Shop Owner in Dhapasi and Owner of CEC Building) are clearly committed to Nepal Orphans Home and to improving their community. They offered suggestions for the Chelsea Education Center program, are eager to help connect Papa's Houses with the local community and are anxious to learn more about the interests and ambitions of Papa's House children.

Communications and Fundraising

In 2014, through the initiative of Anne McCadden, a California company, Alliance Residential, offered to help update our marketing materials, using their marketing department (and team of graphic designers), as a charitable contribution. Anne and Toni Thomson worked with Alliance over several months to develop a beautiful brochure. By the end of the year, twenty-six hundred copies of the Nepal Orphans Home brochure had been printed and were ready for distribution. The brochure will also be available on-line. Alliance also indicated a willingness to help NOH in creating other marketing and fundraising materials, and with advice on public relations.

Rui Pires, an internationally known, award-winning documentary photographer, who once a year works 'pro bono' for nonprofits and NGOs, selected Nepal Orphans Home for its "wonderful humanist work." Rui spent two days in early May at Papa's House photographing our operations. As Michael described,

Rui and his assistant Bruno have captured probably a thousand or more photos and three hours of film. He interviewed several of the girls in Anita's house, which will be our best film moments yet. ...While here, Rui received a text message saying he won the humanitarian photographer of the year award from UNESCO and they need him to be in Beijing in June to accept it. He was kind, patient and humble.



Sam, manager of Possibilities House, with Rui Pires and assistant Bruno

Contributions

In addition to the net income from Volunteer Nepal, Nepal Orphans Home depends on donations. In 2014, over 550 individuals from across the world donated funds to NOH. We have been inspired by the gifts of friends, who have seen or heard about our good work in Nepal.

Other monetary gifts were received through benefits and fundraisers. Friends and members of our boards have organized events from bake sales to barbeques, from photo exhibitions (including the photography of Papa's House children), to yoga celebrations and fun runs; others have made and sold tote bags sporting the NOH logo, and have given presentations to spread awareness of our work. Nepal Orphans Home is grateful for and inspired by each. Every donation is appreciated.

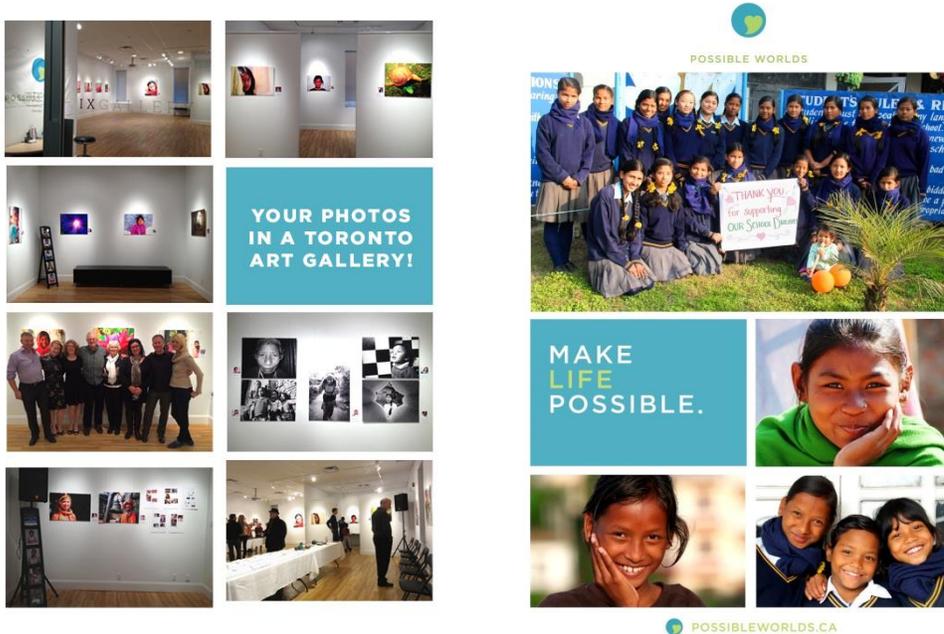
Foundation Support

Nepal Orphans Home 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.

The Sanctuary for Kids Foundation, also based in Canada, in 2009 made a major donation 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, St. Margaret's Church in Annapolis, Maryland and the Israeli Humanitarian Aid,

Organization Latet for grants supporting the Chelsea Education Center, Life's Handy Work Foundation for covering the college costs of our older children, and to Aakriti's Kids Foundation for providing for Aakriti, our young, blind girl in Papa's Gumba House.



Possible Worlds Gallery Exhibit Featuring Photography of Papa's House Children

Conditions in Nepal

Although conditions seem to be improving, Nepal remains a difficult place to live and operate. The following excerpts capture the situation, one of progress and challenges. More, the conditions in Nepal illustrate the importance of the good work of Nepal Orphan's Home.

From the World Bank (<http://www.worldbank.org/en/country/nepal/overview>):

° Nepal, with a population of 30 million and a per capita income of about \$750, is passing through a momentous and prolonged political transition following a 10-year violent conflict that ended in 2006. This transition entails multiple interrelated processes: maintaining peace through the integration of armies; rehabilitation, truth and reconciliation; power sharing between the major parties; and developing a new constitution. The constitution, which was supposed to lead to a major restructuring of Nepal into a federal state, has recently experienced a setback as the Constituent Assembly failed to deliver the new constitution by the deadline of May 27, 2012.

° Nepal is among the poorest countries in the world and in 2013 ranked 145th out of 185 countries on the United Nations Development Program's Human Development Index. However, progress has been made in the last decade in reducing poverty and income inequality.

◦ 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.

From Mikel Dunham: <http://www.mikeldunham.blogspot.com/> (November 25, 2014)
"Nepal ranks 20th in modern day slavery index"

◦ Nepal has been ranked 20th among 167 countries in terms of the prevalence of modern day slavery. The 2014 Global Slavery Index has estimated that 228,700 people in the country are subjected to modern day slavery.

◦ The report released by Walk Free Foundation last week has also listed Nepal as the fifth most vulnerable country to modern day slavery in the Asia Pacific region. Neighboring India ranks topmost in the region followed by Pakistan, Cambodia and Mongolia.

◦ The report also highlights that men from Nepal along with Sri Lanka and Bangladesh working in the Middle East are in forced labor in the construction industry, while women from the same countries have been subjected to sexual exploitation and domestic violence.

Finally, from "Brawl in Nepal parliament as clock ticks on new constitution," Gopal Sharma, January 20, 2015 (<http://www.reuters.com/article/2015/01/20/us-nepal-brawl-idUSKBN0KT18J20150120>)

◦ At least three security marshals were injured in a brawl that broke out in Nepal's parliament early on Tuesday, with opposition legislators climbing on their chairs and throwing microphones and shoes in a heated debate over the Himalayan nation's new constitution. Former Maoist rebel lawmakers stormed the parliament's chambers during the late-night session in an attempt to prevent the ruling coalition from pushing ahead with a vote to settle several disputed points in the new constitution and have a draft of the document ready by their soft deadline on Thursday.

◦ A new constitution is widely seen as crucial to ending the instability that has plagued Nepal since the end of a Maoist-led civil war in 2006 and settling the republic, nestled between regional powers India and China that jostle to woo a new geopolitical ally. But it has been thwarted by differences among political parties over how to divide the country into federal states.

◦ The opposition, which includes the Maoists as well as a string of small regional parties, wants to create ten states and name them after different ethnic and marginalized groups. The ruling center alliance says Nepal, a country roughly the size of Greece with an economy dependent on aid and tourism, does not have enough resources to support several states, and says the creation of federal units along ethnic lines could

spark communal tensions. The government, which commands a parliamentary majority, has said it will go ahead with a vote on the disputed issues if opposition parties fail to agree on the sticking points.

° In protest, the Maoist-led opposition called for a nationwide shutdown of schools, colleges, factories, businesses and public transport on Tuesday. Police detained 30 people across the country for stoning vehicles and for arson.

Moving Forward

January 2015 marks Nepal Orphans Home's tenth anniversary. As indicated in the financial statement, NOH has enjoyed some success in building up a capital fund, both through saving and through the generous contributions of foundations and major donors. Since having an integrated campus in the Kathmandu Valley for our operations is no longer being pursued, launching a major capital campaign is not planned. Nepal Orphans Home will continue with Papa's Houses, the Chelsea Education Center and Volunteer Nepal in leased buildings, with the possibility of securing property in Dhapasi for our future operations. Moreover, providing for the higher education of our children will be expensive. Consequently, fundraising must continue.

NOH is fortunate to have many loyal contributors, but it is also important to generate new support for our work. We will continue applying for grants, and we will also solicit corporate and foundation support.

Financial Statement for 2014

Below please find the financial statement for Nepal Orphans Home for 2014. For the year, income from donations, volunteer fees, and grants totaled \$378,960 (an increase of 2.5 percent from 2013). The total expenses of NOH summed to \$291,229 (a decrease of 5.2 percent from 2013). Consequently, the net income for 2014 was \$87,731 (an increase of 40.4 percent over 2013).

Total expenses for Papa's Houses, Chelsea Education Center, and Administration and Fundraising summed to \$218,378 or less than \$1,600 per Papa's House child. Administration and Fundraising expenses as a share of total expenses of Nepal Orphans Home in 2014 were under six percent. Net income for Volunteer Nepal in 2014 was \$45,571, accounting for slightly over half of NOH net income.

NOH savings stood at \$434,265 entering into 2015. Of this, \$216,933 was restricted for the Campus Fund, Chelsea Education Center, and other designated purposes.

The proposed budget for Nepal Orphans Home for 2015 follows the financial statement.



nepal orphans home inc.

a 501©3 Public Charity registered in North Carolina - P.O. Box 1254 Davidson, North Carolina, 28036

dedicated to helping children in need

www.nepalorphanshome.org

NEPAL ORPHANS HOME Statement of Expenditures and Income

January 1 - December 31, 2014

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:

\$ 35,874 Property

- \$ 27,601 Leases on Children's Homes and Playground
- \$ 2,560 Leased Property Tax (2012, 2013, 2014)
- \$ 1,341 Repairs and Improvements at all Houses
- \$ 2,354 Utilities at all Houses
- \$ 520 Cost of Furniture
- \$ 1,498 Supplies for the Homes

\$ 61,079 Childcare

- \$ 47,731 Food
- \$ 5,643 Clothing
- \$ 4,568 Supplies
- \$ 3,137 Medical

\$ 3,095 Special Care Children

- \$ 1,929 Aakriti
- \$ 1,166 Hope Angel

\$ 35,174 Education

- \$ 23,915 Skylark Tuition, Exam Fees, Tutors
- \$ 5,540 Higher Education Expenses
- \$ 1,527 Enrichment and Entertainment
- \$ 4,192 Uniforms, Books, Supplies

\$ 4,297 Transportation + Scooter

\$ 18,751 Staff Wages

\$158,270..... Total Expenses for Papa's Houses

\$ 28,889 Chelsea Education Center

- \$ 1,819 Furnishings
- \$ 5,191 Lease
- \$ 10,204 CEC Staff wages
- \$ 11,675 Supplies & Misc. class expenses

\$ 15,842 Cafe

- \$ 11,243 Food
- \$ 1,938 Supplies
- \$ 2,661 Wages

Administration and Fundraising Expenditures:

\$ 2,414 Communication and Fundraising

- \$ 1,054 Fundraising
- \$ 810 Web Site Maintenance
- \$ 550 Internet, Computers

\$ 12,963 Business, Accounting and Banking

- \$ 3,802 Business (legal, registration, office supplies, visa, etc.)
- \$ 1,092 Accounting
- \$ 7,105 Banking Fees
- \$ 964 Currency Conversion Fees

\$ 15,377 Total Administration & Fundraising Expenses

\$ 18,672 Other Charity given in Nepal

- \$ 12,453 Local and other Charity
- \$ 153 Sherpa School and Bigu Monastery
- \$ 3,618 Ramechhap School
- \$ 2,448 Blind Children's Home

\$ 54,179 Volunteer Nepal Program

\$ 16,921..... Food, transport, placements, sightseeing, other VN exp.
\$ 8,491 House lease, furnishings, computers, supplies and utilities
\$ 7,372 VN director pay & travel (MT & EW)
\$ 12,250 NOH Director stipend + FICA (MJH)
\$ 9,145 VN staff wages (includes SI)

\$ 291,229 Total Expenditures for Nepal Orphans Home in 2014

Nepal Orphans Home Income:

\$ 221,196 Donations
\$ 50,499 Grants
\$ 99,750 Volunteer Nepal Fees
\$ 5,295 Cafe
\$ 2,220 Interest

\$ 378,960 Total Income for Nepal Orphans Home in 2014

\$ 87,731 Net Income for Nepal Orphans Home in 2014

NEPAL ORPHANS HOME Proposed Budget for 2015

The assumptions underlying the proposed budget for 2015 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 five 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. Extra expenses for Aakriti and Hope 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 fifty percent increase in higher education expenses to allow for increased fees and additional children attending college.
5. A projected increase of twenty 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. The expected support for local charity for the next year is approximately \$900 per month, or nearly \$11,000 annually. During the year, extenuating circumstance will inevitably arise, and Nepal Orphans Home may respond with additional outreach. \$5,000 is allocated for a contingency fund for local charity.
8. Growth of ten percent in the number of volunteers to 125, 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:

\$ 37,700 Property

- \$ 29,000 Leases on Children's Homes and Playground
- \$ 2,700 Leased Property Tax (2012, 2013, 2014)
- \$ 1,400 Repairs and Improvements at all Houses
- \$ 2,500 Utilities at all Houses
- \$ 500 Cost of Furniture
- \$ 1,600 Supplies for the Homes

\$ 67,200 Childcare

- \$ 52,500 Food
- \$ 6,200 Clothing
- \$ 5,000 Supplies
- \$ 3,500 Medical

\$ 3,400 Special Care Children

- \$ 2,100 Aakriti
- \$ 1,300 Hope Angel

\$ 40,900 Education

- \$ 26,300 Skylark Tuition, Exam Fees, Tutors
- \$ 8,300 Higher Education Expenses
- \$ 1,700 Enrichment and Entertainment
- \$ 4,600 Uniforms, Books, Supplies

\$ 4,700 Transportation + Scooter

\$ 20,600 Staff Wages

\$174,500 Total Expenses for Papa's Houses

\$ 33,900 Chelsea Education Center

- \$ 2,200 Furnishings
- \$ 5,500 Lease
- \$ 12,200 CEC Staff wages
- \$ 14,000 Supplies & Misc. class expenses

\$ 17,400 Cafe

- \$ 12,400 Food
- \$ 2,100 Supplies
- \$ 2,900 Wages

Administration and Fundraising Expenditures:

\$ 2,700 Communication and Fundraising

- \$ 1,200 Fundraising
- \$ 900 Web Site Maintenance
- \$ 600 Internet, Computers

\$ 14,300 Business, Accounting and Banking

- \$ 4,200 Business (legal, registration, office supplies, visa, etc.)
 - \$ 1,200 Accounting
 - \$ 7,800 Banking Fees
 - \$ 1,100 Currency Conversion Fees
-

\$ 17,000 Total Administration & Fundraising Expenses

\$ 16,000 Other Charity given in Nepal

- \$ 6,800 Local and other Charity
- \$ 200 Sherpa School and Bigu Monastery
- \$ 4,000 Ramechhap School
- \$ 5,000 Contingency

\$ 59,600 Volunteer Nepal Program

- \$ 18,600 Food, transport, placements, sightseeing, other VN exp.
 - \$ 9,300 House lease, furnishings, computers, supplies and utilities
 - \$ 8,100 VN director pay & travel (EW)
 - \$ 13,500 NOH Director stipend + FICA (MJH)
 - \$ 10,100 VN staff wages (includes SI)
-

\$ 318,400 Total Expenditures for Nepal Orphans Home in 2015

Nepal Orphans Home Income:

- \$ 243,000 Donations
 - \$ 55,000 Grants
 - \$ 109,700 Volunteer Nepal Fees
 - \$ 5,800 Cafe
 - \$ 2,400 Interest
-

\$ 415,900 Total Income for Nepal Orphans Home in 2015

\$ 97,500 Net Income for Nepal Orphans Home in 2015 (Allocation to Capital Fund)