

**INDEPENDENT AUDITOR'S REPORT  
ON  
FUND ACCOUNTABILITY STATEMENT**

**The Country Director  
The Umbrella Foundation Limited, Ireland Nepal  
Swoyambhu-15, Kathmandu**

We have audited the financial statements of The Umbrella Foundation Limited, Ireland Nepal which comprises of Fund Accountability Statement for the period 1<sup>st</sup> Sharwan 2072 to 31<sup>st</sup> Ashad, 2073 (corresponding to 17<sup>th</sup> July 2015 to 15<sup>th</sup> July, 2016) and a summary of significant accounting policies and explanatory notes.

**Management's Responsibility for Financial Statements**

The management of The Umbrella Foundation Limited, Ireland Nepal is responsible for the preparation and fair presentation of these financial statements in accordance with the relevant accounting practices. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Nepal Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our professional judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to The Umbrella Foundation Limited, Ireland Nepal's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Umbrella Foundation Limited, Ireland Nepal's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





## Opinion

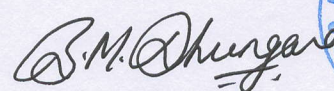
In our opinion the Financial Statement comprising of Fund Accountability Statement as referred to above read together with significant accounting policies and explanatory notes appended thereto give true and fair view of the fund receipts, expenses incurred and balance of funds of The Umbrella Foundation Limited, Ireland Nepal Office for the period 1<sup>st</sup> Sharwan 2072 to 31<sup>st</sup> Ashad, 2073 (corresponding to 17<sup>th</sup> July 2015 to 15<sup>th</sup> July, 2016) in accordance with the accounting policies described in Schedule 6B to the Fund Accountability Statement.

## Report on Other Legal and Regulatory Requirement

The Umbrella Foundation Limited, Ireland Nepal office has generally complied with the provisions of Chapter 17 of Income Tax Act 2058 except for deduction and deposit of withholding taxes on remuneration of expatriate staff.

Date: 3<sup>rd</sup> October 2016

Place: Kathmandu



CA BM Dhungana

Partner

For: B&B Associates

Chartered Accountants





## **The Umbrella Foundation Limited, Ireland Nepal**

Swoyambhu-15, Kathmandu

### **Schedule 6 to Financial Statements (Financial Year 2072.73)**

#### **Significant Accounting policies and Explanatory Notes**

##### **A. General Information**

The Umbrella Foundation(TUF) is a non-profit International Non-governmental Organization and registered charity in Ireland, Holland, Hong Kong, UK, USA and Australia working to alleviate the impact of trafficking, poverty and war on children and their families in Nepal. Established in 2005 in response to the growing number of illegal 'orphanages' neglecting children's most basic rights – food, education, safe shelter, healthcare and love – TUF is a family-first, children's charity which rescues vulnerable children and reintegrates them with their families and rural communities. When this is not possible, TUF support them in their homes until such a time as they can stand on their own two feet. As a responsible and ethical organization, TUF work alongside the Child Welfare Board to prevent further trafficking and corrupt children's homes from operating.

TUF entered into its first general agreement with Social Welfare Council (SWC) on 20th December, 2005. The agreement is being renewed on every five years. The current agreement with SWC cover a period of five years starting from 4<sup>th</sup> August 2016. TUF also holds tax registration certificate with Permanent Account Number 302819205 and is also a tax exempt entity under the provisions of Income Tax Act, 2058 of Nepal.

##### **B. Significant Accounting Policies**

###### **1. Basis of Accounting and Presentation**

The Financial Statements expressed in the Nepalese Rupees (NPR) have been prepared under the historical cost convention using accrual basis of accounting.

###### **2. Funding Arrangements**

Funds are received by TUF from different donors including its Head Office based in Ireland.

Funds received are accounted for on cash basis. Funds transferred by Head office and other donors in foreign currency is received by The Umbrella Foundation Limited, Ireland Nepal in local currency. Such funds are translated in local currency at the spot rates applied by bank on the date of receipt of funds.





### 3. Fixed Assets

Fixed Assets procured under the projects are charged as expenses in the year of purchase or acquisition. A separate record of fixed assets is maintained for control over fixed assets procured for the projects.

### 4. Depreciation

No depreciation is charged on fixed assets.

### 5. Funds transferred to Implementing partner

Funds transferred to implementing partners are treated as expenditure except for the transfer of fund received from UNICEF which is treated as advance. Such advances are transferred to expenditure on the basis of approved FACE form report submitted to UNICEF. Expenditure reported in FACE form report for UNICEF Phase I project has been approved by UNICEF and recognized as expenses. Funds for UNICEF Phase II project disbursed to the partner is treated as advance.

### 6. Foreign Currency

The Umbrella Foundation Ltd, Ireland Nepal does not operate any foreign currency bank accounts. Funds received from The Umbrella Foundation, Head Office and other donors are recognized as income on the basis of amount received in the NPR bank account on the date of receipt at the prevailing exchange rate applied by bank.

## C. Explanatory Notes

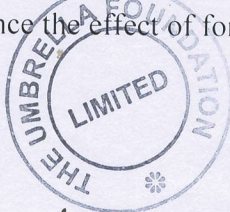
### 1. Closing Balance of Fund

Closing balance of fund amounting to **NPR 19,183,932.50** (Previous Year **NPR 15,489,206.00**) is represented by following:

Particulars	Current Year	Previous Year
Cash & Bank Balances	17,216,028.50	11,495,435.00
Advances & Receivables	2,083,404.00	4,062,761.00
Less: Current Liabilities	(115,500.00)	(68,990.00)
<b>Closing Fund Balance</b>	<b>19,183,932.50</b>	<b>15,489,206.00</b>

### 2. Effects of Foreign Currency Translation

There are no assets or liabilities which are required to be translated into reporting currency (NPR). Hence the effect of foreign exchange does not arise.





### 3. Cash and Cash Equivalent

Cash and cash equivalent comprises of balance of cash in hand and balances with Himalayan Bank Limited.

### 4. Rearrangement and grouping

Figures in the Financial Statement are rearranged or re-grouped, wherever necessary to conform to financial statement presentation.

### 5. Previous years' figures

Previous years' figures have been regrouped and /or rearranged wherever considered necessary in order to facilitate comparison.



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**The Umbrella Foundation Limited, Ireland Nepal**  
**Swoyambhu-15, Kathmandu**

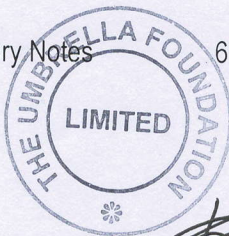
**Fund Accountability Statement for the period 17 July 2015 to 15 July 2016**

1. Sources of Fund	Sch.	Current Year	Previous Year
		NPR	NPR
(A) Opening balances	1	15,489,206.00	2,130,576.00
(B) Funds received during the period	2	46,930,671.61	37,515,763.00
(C) Other Income	3	62,670.14	3,300.00
<b>(D) Total Sources of Fund (A+B+C)</b>		<b>62,482,547.75</b>	<b>39,649,639.00</b>
<b>2. Uses of Fund</b>			
(E) Expenses during the period	4	43,298,615.25	24,160,433.00
<b>(F) Total Uses of Fund</b>		<b>43,298,615.25</b>	<b>24,160,433.00</b>
<b>3. Closing Balance of Fund (D-F)</b>			
		<b>19,183,932.50</b>	<b>15,489,206.00</b>
<b>Represented By:</b>			
Cash & Bank Balance	5	17,216,028.50	11,495,435.00
Advances & Receivables	5	2,083,404.00	4,062,761.00
Current Liabilities	5	(115,500.00)	(68,990.00)
<b>Total</b>		<b>19,183,932.50</b>	<b>15,489,206.00</b>

Significant Accounting Policies and Explanatory Notes 6

*Manjeet Shrestha*

Manjeet Shrestha  
Finance and Admin. Officer  
The Umbrella Foundation Limited, Ireland Nepal



*Kyle Mohamed*

Kyle Mohamed  
Country Director  
The Umbrella Foundation Limited,  
Ireland Nepal

*CA. BM Dhungana*

CA. BM Dhungana  
Partner  
B & B Associates  
Chartered Accountants  
Date: 3rd October, 2016





**The Umbrella Foundation Limited, Ireland Nepal**  
**Swoyambhu-15, Kathmandu**

**Schedule 1 to Fund Accountability Statement - Opening Balances**

Particulars	Current Year	Previous Year
	NPR	NPR
Cash - NPR	92,937.00	4,290.00
Himalayan Bank Ltd. - Building Project (Account no.01901112790021)	23,008.00	23,008.00
Himalayan Bank Ltd.- TUF/N (Account no.00101112790013 )	11,379,490.00	2,163,819.00
Advances and Receivables	4,062,761.00	17,179.00
Current Liabilities	(68,990.00)	(77,720.00)
<b>Total Opening Balance</b>	<b>15,489,206.00</b>	<b>2,130,576.00</b>

**Schedule 2 to Fund Accountability Statement - Fund Received during the period**

Particulars	Current Year	Previous Year
	NPR	NPR
Dulwich College Seoul Ltd	132,804.75	-
Stichting Nepal Geeft	463,127.25	-
Stichting Paraplu	7,072,640.87	3,878,054.00
The Umbrella Foundation Australia	1,183,976.50	525,738.00
The Umbrella Foundation Ireland	9,752,768.50	8,975,236.00
Umbrella Ireland	-	823,356.00
Umbrella Canada	3,551,780.36	1,126,160.00
Umbrella New Zealand	-	39,581.00
Umbrella Singapore	71,554.75	152,220.00
Umbrella Trust Hong Kong	2,751,063.17	4,073,031.00
UNICEF including overhead	18,607,109.00	10,373,368.00
Wings of The World Inc	2,516,835.00	2,422,302.00
Friends of Umbrella, Italy	-	155,581.00
Yeti Trust, New Zealand	653,011.06	1,003,805.00
International Sourced Contributions donated in Nepal	-	381,726.00
Friends of Nepal, UK	-	2,431,275.00
Franks Family Foundation	-	285,496.00
Kite William Blair	-	201,712.00
Jakarta Internaitonal School and Bill Kite	-	117,732.00
Umbrella Spain	-	549,390.00
Other donations	174,000.40	-
<b>Total Funds received during the period</b>	<b>46,930,671.61</b>	<b>37,515,763.00</b>

**Schedule 3 to Fund Accountability Statement - Other Income**

Particulars	Current Year	Previous Year
	NPR	NPR
Interest Income	60,817.14	-
Miscellaneous Income	1,853.00	3,300.00
<b>Total</b>	<b>62,670.14</b>	<b>3,300.00</b>





**The Umbrella Foundation Limited, Ireland Nepal**  
**Swoyambhu-15, Kathmandu**

**Schedule 4 to Fund Accountability Statement - Expenses during the period**

Particulars	Current Year	Previous Year
	NPR	NPR
<b>Administration cost</b>		
Audit Fee	113,000.00	16,950.00
Entertainment	60,865.00	-
Evaluation	335,420.00	-
Expat Housing Cost	474,555.00	277,077.00
Field Visits	21,985.00	270,035.00
General Administration Expenses	83,605.00	178,107.00
Miscellaneous Expenses	40,948.00	11,506.00
Personnel Cost	505,913.00	72,214.00
Repair & Maintenance	500.00	1,590.00
Stationery	18,725.00	-
Compliance and Legal Expenses	-	33,000.00
Organization Support Cost	327,990.00	380,554.00
Training	-	5,400.00
<b>Capital Expenditure</b>		
Equipment	147,080.00	14,000.00
<b>Programme Cost</b>		
Child Protection & Development	895,439.00	-
Child Protection in Emergency Response Project-TUF	1,437,905.00	-
Emergency Response & Child Protection	24,170,905.00	-
Next Steps Youth Education Program	3,490,433.00	-
Support for NGO Overheads	2,357,543.00	-
Residential Child Care Program	7,555,761.25	-
School Support Programme	1,260,043.00	-
Fund transferred to Umbrella Organization Nepal	-	22,900,000.00
<b>Total</b>	<b>43,298,615.25</b>	<b>24,160,433.00</b>

Note: Accounting records of previous year doesn't depict program wise expenditure. Hence, program cost of previous year has not been segregated.

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**The Umbrella Foundation Limited, Ireland Nepal**  
**Swoyambhu-15, Kathmandu**

**Schedule 5 to Fund Accountability Statement - Closing Balances of Fund**

Cash and Bank Balance	Current Year	Previous Year
	NPR	NPR
Cash - NPR	15,579.00	92,937.00
Himalayan Bank Ltd.- Building Project (Account no.01901112790021)	1,305,201.24	23,008.00
Himalayan Bank Ltd. - TUF/N (Account no.00101112790013 )	15,895,248.26	11,379,490.00
<b>Total (A)</b>	<b>17,216,028.50</b>	<b>11,495,435.00</b>

Advances and Receivables	Current Year	Previous Year
	NPR	NPR
Umbrella Organization Nepal	2,078,406.00	4,000,000.00
Anil & Associates	29.00	29.00
Deepa Shrestha	-	86.00
Prem Singh Tharu	-	10,000.00
Ram Kumar Pandit	-	52,110.00
TDS receivable	4,566.00	536.00
Remuneration tax	403.00	-
<b>Total (B)</b>	<b>2,083,404.00</b>	<b>4,062,761.00</b>

Current Liabilities	Current Year	Previous Year
	NPR	NPR
Caroline Sheffer	-	3,160.00
P. Gautam & Associates	-	16,725.00
Balaju Water supply	-	1,800.00
Graphite Plus Printer	-	30,551.00
Sapana Lama	-	13,125.00
National Graphics	-	904.00
Sublime Tours & Travel	2,500.00	2,500.00
Audit Fee Payable	111,500.00	
TDS payable	1,500.00	225.00
<b>Total (C)</b>	<b>115,500.00</b>	<b>68,990.00</b>

<b>Total Closing Balances (A+B-C)</b>	<b>19,183,932.50</b>	<b>15,489,206.00</b>
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