

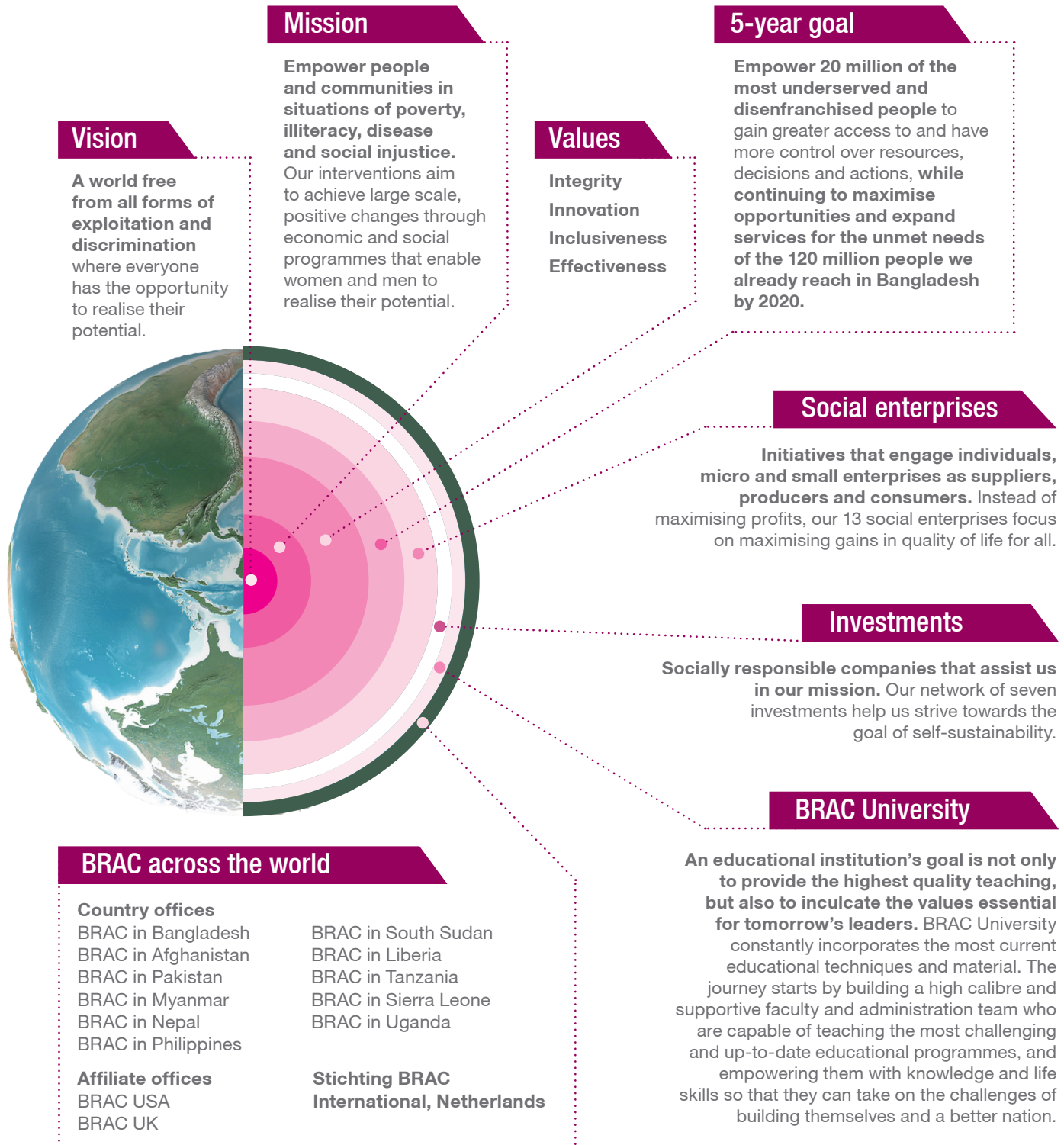


NEPAL

2016
ANNUAL
REPORT

BUILDING A WORLD THAT WORKS FOR ALL OF US

We act as a catalyst, creating opportunities for people living in poverty to realise their potential. We specialise in piloting, perfecting and scaling innovation to impact the lives of millions. We were born in Bangladesh, are almost completely self-sustainable through our own network of social enterprises and investments, and operate in 11 countries across Asia and Africa.



If you were to describe this world to a child,
which one of the following would you pick?

It is home to magic, art, beauty, and tens of thousands of years of human talent.
Or would you say, even though it may be true,
that our world is where we live, but it is a place that doesn't work for everyone?

**Our world is our playground, a platform for the
creativity of all seven billion of us.**

Sometimes it's hard to believe that a world that works for all of us can be possible.
But the opportunities are all around us.

While we all hope for a better future for our world,
many of us are building it.
If you are a builder, we are betting on you.

The changemaker. The activist. The hero. The mentor.

45 years ago, we started building a world we all want to live in.
We started in Bangladesh.

We listened and learnt, failed and got up again.

We never stopped trying. And we never will.

We trust in people, and we take on the impossible, every day.
Fighting poverty, building platforms for tolerance, equality and inclusion,
saying no to violence against women and children.

We pilot, perfect and scale. Our DNA is to build.

As the sun rose this morning, hundreds of thousands of builders rose with it. **Teachers across eight countries** opened the colourful doors of the world's biggest secular private education system. **65,000 artisans** picked up their needles and started weaving traditional art into beautiful clothing. Credit officers in one of the world's largest microfinance institutions sat down with women in the **remotest corners of seven countries.**

Whoever you are, wherever you are,

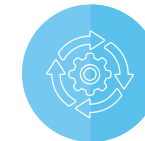
doing good is everyone's business.

We have never faced bigger challenges but we have never been more ready.

Here at BRAC, we are many things:



social enterprise



non-government
organisation



public forum



knowledge hub



social investors



policy advocates



university

and we bring together many different people:



changemakers



activists



heroes



mentors

inspired by a single vision.

Building a world that works for all of us takes all of us.

Get onboard:

share
the ideas

follow
the best
minds

take
action

support
us

we are a team of the world's most dedicated staff, a dynamic board and passionate partners, standing together at the frontline of the world's biggest challenges.

Join the world's biggest family.

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CHAIRPERSON'S FOREWORD



We entered 2016 with 17 Sustainable Development Goals, the first of which was to end all forms of poverty by 2030. This is one of the most pressing yet exciting challenges we face today. For the first time in history we have the means to achieve this goal in the not-too-distant future.

BRAC is increasingly at the forefront of this movement. A provider and global advocate of holistic solutions to reduce poverty over the last 45 years, our ultra poor graduation model in particular is being championed as a solution to help reach the millions of households around the world that still live in extreme poverty.

Established in 2002, the ultra poor graduation approach targets households left behind by economic growth or mainstream development interventions. Our model supports them towards building sustainable livelihoods through a powerful combination of asset transfer, enterprise training, financial services, healthcare, mentoring and social integration. In Bangladesh alone our programme has put 1.77 million households on to sustained pathways out of poverty. With impacts confirmed by rigorous research both in Bangladesh and internationally, the ultra poor graduation approach has now been adapted in 59 programmes across 37 countries by other NGOs, governments and multilateral institutions.

Our work on extreme poverty also extends beyond our own programming. Our ultra poor graduation initiative comprises advocacy efforts and technical assistance on how to adapt and implement the approach effectively in different environments. With staff working across the US, UK, Bangladesh and BRAC country offices around the world, we are spearheading the movement to proliferate graduation and reach as many extreme poor households globally as possible. This year, for example, we started working with the Governments of Kenya and the Philippines to integrate the model into their poverty alleviation strategies.

Our development programmes are funded from internally-generated revenue and grants received from external sources. Our internal revenue totalled BDT 4,997 crore (USD 646 million) this year, making up 82% of our total annual revenue.

We continue to invest in a range of socially-responsible companies. This year we consolidated BRAC Bank, an institution that was founded at a time when it was almost impossible for small and medium enterprise entrepreneurs to obtain financing from the banking sector in Bangladesh. We took banking solutions to entrepreneurs, and have disbursed over USD 4.37 billion since inception. More than half of our lending today is still to small and medium enterprises.

Our home-grown solutions in education, health, microfinance and other development areas now reach 10 countries outside of Bangladesh. This year we continued our expansion in Nepal, moving from the relief we provided after the 2015 earthquake into education and health. We have also launched a five-year strategy for Africa which will take us into five new countries by 2020.

We have never faced bigger challenges but I truly believe that, as a global community, we have never been more equipped, more connected or more ready to face them. I am filled with a genuine feeling of hope as we look ahead into 2017. I look forward to sharing the journey with you.

Sir Fazle Hasan Abed, KCMG
Founder and Chairperson

LETTER FROM THE EXECUTIVE DIRECTOR



It is my pleasure to share our Annual Report with you. At BRAC International, we believe we are One BRAC, working with a unified goal to achieve large-scale, positive impact through our economic and social programmes around the world.

I am happy to say that we have accomplished much in 2016. We opened 31 new microfinance branches. Liberia and Sierra Leone are now operationally sustainable, and there is surplus in five out of six countries. We partnered with the government of Liberia to improve learning outcomes. Our initiatives in health, agriculture and livestock have inspired people to receive training and offer support to others in their own communities. We are implementing BRAC's ultra-poor graduation programme in Uganda and Pakistan, and hope to expand our reach to lift more people out of poverty.

Despite our accomplishments, we faced several challenges in 2016. We witnessed significant paradigm changes with traditional donor countries reassessing their foreign aid. We faced unexpected crises like the civil war in South Sudan that compelled us to scale down our projects and restrict our work to Juba. The challenges only bring us closer in our efforts to building a better world for all.

At BRAC, we believe that young people today will be our strength tomorrow, and technology is the language of the future. We are capacitating the

youth by providing them with training and access to finance. We are exploring web-based monitoring and management system and the use of mobile money. Our priority is to adapt with changing times, build on our accomplishments and work even harder and smarter in 2017.

BRAC was ranked #1 by Geneva-based NGO Advisor in a list of world's best 500 NGOs because of our impact, innovation, and sustainability. We must maintain our effectiveness and ensure the quality of our work. At BRAC, we know it is the people that make us #1. I urge you all to stay with us as you have over the years. I thank our board members and country advisory councils for their guidance, as well as all members of the BRAC family around the world for their support and hard work.

I look forward to continuing our work together with renewed energy and hope, with the same dream that unites us all - a world free of exploitation and discrimination, and a better future for all.

Faruque Ahmed
Executive Director
BRAC International

MESSAGE FROM THE COUNTRY REPRESENTATIVE



We, at BRAC in Nepal, are the youngest members of the BRAC family. We were one of the many global organisations to stand by the people of Nepal when the massive earthquakes hit the country in April 2015. We immediately responded by sending a medical team and provided other essential support. In addition, our entire workforce donated a day's salary, which was matched by BRAC to fund rehabilitation efforts for the affected communities.

We started a pilot project with activities in health, empowering adolescent girls and WASH in the Kavrepalanchowk district. We implemented our empowerment and livelihood for adolescents clubs to eliminate child marriage in each ward of Shyampati village development committee.

Our team members are working closely with the District Public Health Office to strengthen the capacities of female community health volunteers to better deliver primary healthcare to the community, especially for mothers and young children.

In Shyampati, the earthquakes forced the practice of defecation in open spaces. We are constructing 265 latrines to make the community an open defecation-free zone once again.

I recently visited our programmes in Bangladesh. It was an excellent opportunity to learn about

our philosophy, evolution, process, policy and programme as well as a chance to meet members of the wider BRAC family. The graduation approach to beat ultra poverty has inspired me in directing a high potential opportunity in Nepal to provide opportunities for people living in extreme poverty.

I am honoured to be a part of the world's biggest family, a family dedicated to empowering people and communities in situations of poverty, illiteracy, disease and social injustice. We look forward to a bright future in Nepal, one with ample opportunity and potential. As we begin our journey, we hope for your continued support in joining us to end poverty in our lifetime.

Khemraj Upadhyaya
Country Representative
BRAC in Nepal

BRAC ACROSS THE WORLD

UK
Initiated: 2006
An independent charity to raise profile and funds for BRAC globally

USA
Initiated: 2007
An independent charity to raise profile and funds for BRAC globally

NETHERLANDS
Initiated: 2009
Stichting BRAC International registered as a foundation

AFGHANISTAN
Initiated: 2002
AFSP, Education, CDP, ERP, Health, NSP

PAKISTAN
Initiated: 2007
Education, ERP, MF, Health, TUP

NEPAL
Initiated: 2015
ERP, ELA, Health, WASH

BANGLADESH
Initiated: 1972
AFSP, BEP, CEP, DMCC, GJD, HNPP, HRLS, IDP, MF, MG, SDP, TUP, UDP, WASH

MYANMAR
Initiated: 2013
ERP, MF

PHILIPPINES
Initiated: 2012
Education

UGANDA
Initiated: 2006
AFSP, Education, ELA, ERP, Health, MF, TUP

TANZANIA
Initiated: 2006
AFSP, Education, ELA, ERP, MF

SIERRA LEONE
Initiated: 2008
AFSP, ELA, ERP, Health, MF

LIBERIA
Initiated: 2008
AFSP, Education, ELA, ERP, Health, MF

SOUTH SUDAN
Initiated: 2007
AFSP, Education, ELA, ERP, Health

AFSP: Agriculture and Food Security Programme
BEP: BRAC Education Programme
CDP: Capacity Development Programme
CEP: Community Empowerment Programme

DMCC: Disaster, Management and Climate Change
ELA: Empowerment and Livelihood for Adolescents
ERP: Emergency Response Programme
GJD: Gender Justice and Diversity

HNPP: Health, Nutrition and Population Programme
HRLS: Human Rights and Legal Aid Services
IDP: Integrated Development Programme
MF: Microfinance
MG: Migration

SDP: Skills Development Programme
TUP: Targeting the Ultra Poor
UDP: Urban Development Programme
WASH: Water, Sanitation and Hygiene

SCORECARD

76,122

CHILDREN RECEIVED EDUCATION FROM BRAC COMMUNITY-BASED SCHOOLS

AFGHANISTAN

86,975

HOUSEHOLDS GRADUATED FROM EXTREME POVERTY

BANGLADESH

40,517

PEOPLE REACHED THROUGH NUTRITION-AWARENESS CAMPAIGNS

LIBERIA

38,270

CLIENTS RECIEVED A TOTAL OF \$11.7 MILLION IN MICROLOANS

MYANMAR

750

EARTHQUAKE-AFFECTED VICTIMS RECEIVED MEDICAL CARE

NEPAL

56,327

CLIENTS RECEIVED A TOTAL OF \$24.5 MILLION IN LOANS

PAKISTAN

21,639

RECEIVED EDUCATION FROM 730 BRAC LEARNING CENTERS

PHILIPPINES

100

URBAN HEALTH PROMOTERS PROVIDED SEXUAL & REPRODUCTIVE HEALTH SERVICES TO ADOLESCENTS IN 10 SLUMS OF FREETOWN

SIERRA LEONE

167,452

PATIENTS RECEIVED ANTI-MALARIAL MEDICATION

SOUTH SUDAN

106,460

FARMERS AND POULTRY REARERS ORGANIZED IN 8,021 GROUPS

TANZANIA

49,093

ELA GIRLS LEARNED FROM 1,096 MENTORS

UGANDA

COUNTLESS STORIES TO TELL...

COMMUNITY SUPPORT



THE IMPACT

Constructed **265** latrines

Trained **10** Female Community Health Volunteers

Established **10** ELA clubs with **250** adolescent girls

The earthquakes devastated many communities in Nepal, destroying homes, schools and hospitals. Long-term support is needed to recover from the destruction. We therefore, decided to continue with the support provided as emergency response during the earthquake. We are currently implementing an integrated project comprising of empowerment and livelihood for adolescents, health and WASH in the district of Kavrepalanchok.

We provided training to strengthen the capacity of 10 female community health volunteers so that they can provide educational, preventive and curative health services to the community, especially mothers and children. These services are delivered through trainings on basic literacy skills, training households to make oral rehydration solutions at home, improving care of pregnant women, new mothers and newborn children, ensuring full immunisation coverage in the Village Development Committee, and raising awareness on good hygiene practices.

We are also constructing and rebuilding 265 damaged toilets to make Shyampati VDC an open defecation-free zone. We established 10 adolescent clubs, which are equipped with learning and playing materials in each ward in Shyampati VDC. These 'kishori clubs' provide safe spaces for girls aged 11-21 within walking distance from their homes. They can read, play, socialise with friends, and receive support for various challenges they face in their lives. Older girls are trained as mentors and consequently train others in health, nutrition, livelihood skills, and financial literacy.

EMERGENCY RESPONSE



THE IMPACT

750 earthquake victims received medical care

Reached **3** districts through post-earthquake immediate response medical camps

Distributed **5,000** blankets

Built **2** Earthquake-resistant houses for demonstration

We started our operations in Nepal in the aftermath of the two major earthquakes in April and May 2015, with our sole focus on the rehabilitation of the affected communities. Our emergency response involved distribution of 5,000 blankets, medicine and medical equipment along with an emergency team of four doctors, one disaster management expert and one livelihood expert to provide medical care to 750 survivors through medical camps in six districts. All BRAC staff donated a day's salary, which was matched by the organisation, to start rehabilitation and reconstruction efforts to support communities affected by the earthquake.

Initially, we built two earthquake-resistant, permanent houses as a pilot in the earthquake-affected villages of Sunthan and Panauti in Kavrepalanchowk district. We then used these two houses as demonstrations to build more housing for the families most affected.

MY STORY BEGINS WITH KISHORI CLUB



My name is Anu Shrestha. I am 18 years old and I live in Shyampati with my father. I dropped out of school in grade 12 because I couldn't afford to pay the tuition fee.

When I first heard about BRAC's kishori clubs, I got curious. We never had such clubs before, especially for girls my age. My first impression was that it was a way to bring girls in my village out of their houses to be more proactive. We were too shy to learn how to play badminton, chess, and other games back in school. The kishori clubs give us safe spaces to try out all those activities that we did not participate in before.

Girls do not generally speak their minds where I'm from, but at the kishori club we were trained on and learned about topics relevant to adolescent girls that we would not generally talk about openly. We talked about rights and responsibilities, puberty, good and bad habits, sexual and reproductive health, and gender-based violence.

I learned that I can talk to people, ask questions about things that I do not know about. As a mentor, I teach my club members the life-skills training that we received. I encourage my peers to speak their minds and openly discuss problems they face.

I thought my life would revolve around household chores, tending to livestock and helping at the farm when I left school, but I found there was a bigger world that I could live in. I can do my household chores and still take on the responsibilities at the club in the afternoon.

Being a mentor of this kishori club is one of the biggest achievements in my life and something that I am proud of and so is my father.

LEARNING AND SHARING



My name is Kalika Pandey and I am a female community health volunteer in Shyampati. I separated from my husband 12 years ago, and am now a single mother.

I deliver primary healthcare services to the households in my village, form mothers' groups and conduct group meetings every month to discuss health issues.

Every monsoon, my community faces an epidemic of diarrhoea. In the past, when someone suffered from diarrheal diseases, families would walk to a store to buy packet oral solution. BRAC taught us female community health volunteers to make oral rehydration solution at home with one pinch salt, one fist full of sugar and half-litre water. Today, I can proudly say that all 81 households under my coverage know how to make oral rehydration solution at home. Knowing how to make the solution saves time and money, ensuring that patients receive timely care.

One of my main responsibilities is to care for new mothers, newborns and infants. I am called in immediately when an infant is born underweight in the village. Once, I stayed with the mother and monitored the baby for days. Today, the baby is healthy with normal weight.

I am honoured to be an FCHV because everyone in my community knows me and they know that I can help them with their health-related queries.



I joined as an intern in BRAC USA in 2015 when a massive earthquake struck Nepal in April. I immediately received a call from my colleagues at BRAC USA, checking up to see if everything was alright back home with my family. A few days later, I received another call from them with a proposal to work in Nepal as a fellow to assist in setting up BRAC's newest country office. I felt like I was given the opportunity to go back home and make a difference.

Thus began my journey with BRAC Nepal. BRAC now supports long-term rehabilitation in Kavrepalanchowk district through a community empowerment project with activities in health, empowerment and livelihoods for adolescent (ELA) clubs, and sanitation. The first of its kind in Nepal, 10 of these clubs have been set up with a focus on empowering adolescent girls. Setting up the clubs, however, was by no means an easy feat.

Once we set them up, we faced another challenge- transporting materials to each of these clubs. , Most parts of Shyampati lack accessibility, even though it is only a three-hour drive from Kathmandu. Some of the villages are three-hour walk from the village development committee. Nonetheless, it was all made possible with the dedication of ELA club mentors and the community, who, more than anything, wanted to see positive changes in the lives of its young people.

The eventual goal of the ELA clubs is to put an end to child marriage. Club members are trained on life skills, sexual and reproductive health, and livelihoods and financial literacy. It was as though I had a newfound purpose when I recently found out that an ELA club mentor had successfully talked a 15-year-old girl out of her decision to elope and get married.

I now work full-time as a business development and communications officer. I look forward to taking on newer challenges and growing with the world's biggest family.

Sheetal Tulahdar
BRAC in Nepal

GOVERNANCE AND MANAGEMENT

BRAC INTERNATIONAL

BRAC International is registered as Stichting BRAC International in the Netherlands.

GOVERNING BODY

Stichting BRAC International has a constitution under the laws of the Netherlands and was governed by a 10-member board of directors. In line with the rising fiscal requirements and public expectations in the Netherlands, the board decided to adopt a two-tier governance structure, with a management board and a supervisory board.

On 8 December 2016, on its 31st meeting, the Stichting BRAC International governing board adopted the following amendments to the Constitution of Stichting BRAC International which came into effect from 28 December 2016: The present governing board becomes the supervisory board of Stichting BRAC International.

The supervisory board appointed the management board of Stichting BRAC International comprising 1) Executive Director, BRAC International, 2) Director Finance, BRAC International and 3) a maximum of three BRAC International programme directors.

The composition of the supervisory board of Stichting BRAC International is as follows:

Chairperson:

Sir Fazle Hasan Abed, KCMG

Members:

Ahmed Mushtaque Raza Chowdhury
Dr Muhammad Musa
Sylvia Borren
Dr Debapriyo Bhattacharya
Shabana Azmi
Shafiqul Hassan (Quais)
Parveen Mahmud
Irene Zubaida Khan
Fawzia Rashid

BRAC INTERNATIONAL HOLDINGS BV

BRAC International Holdings BV is a wholly owned subsidiary of Stichting BRAC International and was incorporated in 2010. BRAC International's microfinance programmes, social enterprises and investment companies are consolidated under this wing. The social programmes currently supporting the enterprises include seed production and training centres.

BRAC International Holdings BV has the role to consolidate the financial results of all country operations in six countries. The consolidated financial statements include the financial data of the stand-alone parent organisation, its group companies and other legal entities over which the foundation has control.

On 8 December 2016, on the 31st general meeting of the shareholder of BRAC International Holdings BV, the Stichting BRAC International Governing Board adopted the amendments to the Articles of Association of BRAC International Holdings BV.

The following came into effect from 28 December 2016:

The present board of directors, with the exception of Hans Eskes becomes the supervisory board of BRAC International Holdings BV.

A two-member management board is formed with one Bangladeshi and one Dutch national.

The composition of the present supervisory board of BRAC International Holdings BV is as follows:

Chairperson:
Sir Fazle Hasan Abed, KCMG

Members:
Sylvia Borren
Dr Muhammad Musa
Parveen Mahmud

The composition of the management board of BRAC International Holdings BV is as follows:

Managing Director:
Faruque Ahmed

Director:
Hans Eskes

Details about the roles of the supervisory board and management board are available in the Deed of Incorporation of Stichting BRAC International and BRAC International Holdings BV.

FINANCE AND AUDIT COMMITTEE

Composition of the present finance and audit committee is as follows:

Parveen Mahmud, Chair
Dr Muhammad Musa, Member
Sylvia Borren, Member
Faruque Ahmed, Member
Hans Eskes, Member
SN Kairy, Secretary of the Committee

The primary function of the finance and audit committee is to assist the governing board in fulfilling its responsibilities on the:

- Financial reporting and budgeting processes
- System of internal controls and risk assessment
- Compliance with legal and regulatory requirements
- Qualifications, independence, and performance of the external auditors
- Qualifications, independence, and performance of the internal audit function

LOCAL BOARDS

Each country entity has a local board. We pursue microfinance and development activities through separate entities in countries where it is required. The local board members are appointed by Stichting BRAC International’s board. The business of the local entities is managed by these local boards. Further details of the roles of the local board are available in the respective incorporation documents of these entities.

ADVISORY COUNCIL

In 2015, BI decided to form advisory councils to strengthen governance, support advocacy at the national level and enhance credibility.

The council members, who are country nationals, provide the country leadership with advice and support on standards and policies, and the development and implementation of programmes. They advise on key external developments and trends nationally, and promote BRAC’s mission through effective and strategic working relationships with key stakeholders and civil society partners in the countries. They also support information sharing and relevant advocacy on behalf of BRAC.

ACCOUNTABILITY AND TRANSPARENCY

The internal audit department conducts periodical audits at all our cost centres on a sample basis. Audits take place at least once a year and twice or more in locations and on programmes where a closer watch is warranted. In addition, special investigations are conducted in case of fraud or irregularities that may be detected. A ‘whistle blower’ policy is in place and HR takes actions as and when required.

External audit of Stichting BRAC International, BRAC International Holdings BV and all of our legal entities are undertaken annually. Financial transparency is ensured by BRAC International’s finance and accounts division, which prepares financial statements following the International

Financial Reporting Standards and the laws of relevant countries.

The summary of all audits and investigations are submitted to the audit and finance committee on a half yearly basis.

BRAC IN NEPAL

MANAGEMENT

Khemraj Upadhyaya
Country Representative
Alina Gautam
Accounts Officer
Hasan Tarek
Assistant Engineer, Pilot Project
Sheetal Tuladhar
Business Development and Communications Officer

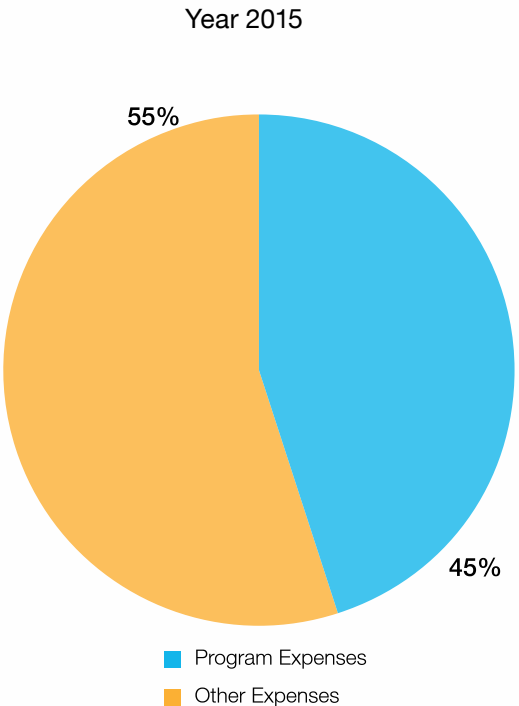
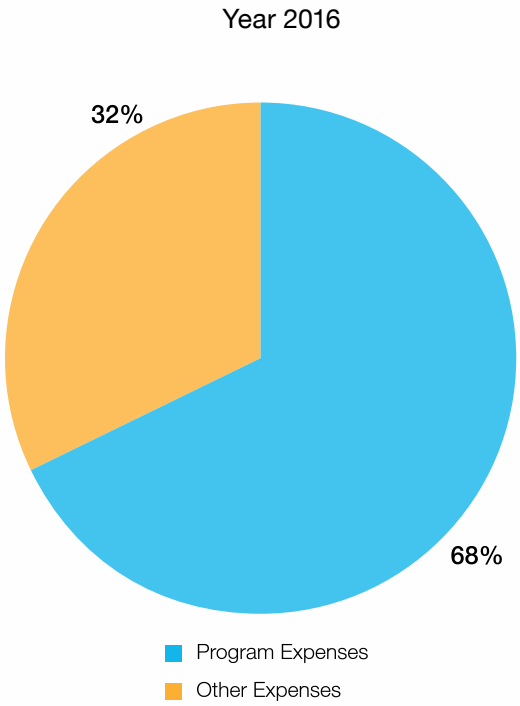
Annual Report 2016 **20**

FINANCIALS

BRAC in Nepal completed its 2nd year of operation in 2016. This year we recieved grants amounting to USD 189,500 compared to USD 34,106 in 2015. Out of the total expenses, programme expenses were USD 113,465 (USD 15,389 in 2015) and 68% (45% in 2015) of the total cost.

PROGRAMME COST

Expenses	Year 2016		Year 2015	
	USD	%	USD	%
Programme expenses	113,465	68%	15,389	45%
Other expenses	52,773	32%	18,495	55%
Total	166,238		33,884	



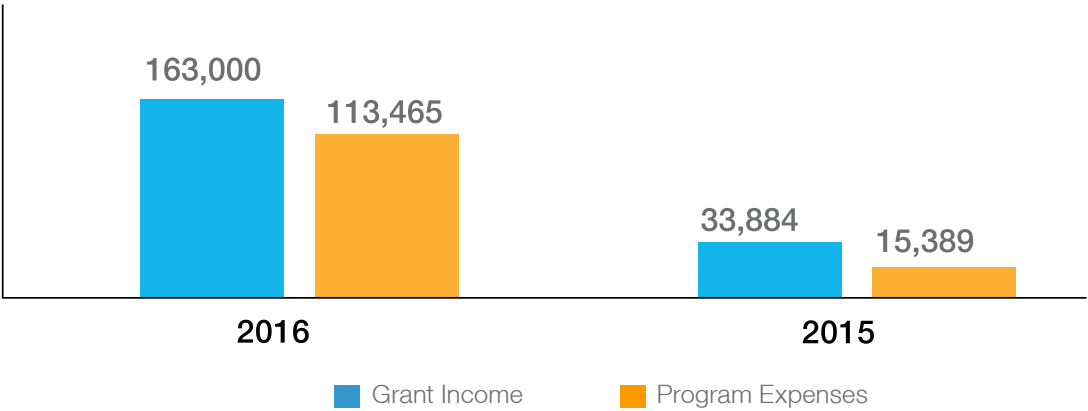
PERFORMANCE REVIEW

Income Statement	Year 2016	Year 2015
	USD	USD
Grant income	163,000	33,884
Other income	3,237	-
Program expenses	113,465	15,389
Other expenses	52,773	18,495

FINANCIAL POSITION

Balance Sheet	Year 2016	Year 2015
	USD	USD
Cash at bank	85,640	14,467

ANNUAL INCOME AND EXPENSES
In USD



INDEPENDENT AUDITORS' REPORT

The Country Representative
Stichting BRAC International-Nepal Office
Chapali Bhadrakali, Budhanilkantha

Report on Financial Statements

We have audited the financial statements of Stichting BRAC International-Nepal Office which comprise the statement of financial position as at 31st December, 2016 and the statement of comprehensive income, statement of changes in capital fund and statement of cash flows for the year ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The management of Stichting BRAC International-Nepal Office 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. These financial statements are special purpose financial statements intended solely for the information and use of Stichting BRAC International Nepal Office and it's headquarter.

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the 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 audit opinion.

Opinion

In our opinion the financial statements give true and fair view of the financial position of Stichting BRAC International-Nepal Office as at 31st December 2016 and of its financial performance and cash flows for the period then ended in accordance with the accounting policies set out in Note 15 to the financial statements.

Date: 20th March 2017
Place: Kathmandu

BM Dhungana
KATHMANDU
NEPAL
CHARTERED ACCOUNTANTS

BM Dhungana, FCA
Partner
For:B&B Associates

STICHTING BRAC INTERNATIONAL-NEPAL

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	2016 JAN-DEC NPR	2015 OCT-DEC NPR	2016 JAN-DEC USD	2015 OCT-DEC USD
ASSETS					
Non-Current Asset					
Property and Equipment	14.0	296,332	251,285	2,737	2,384
Current Assets					
Cash and Bank	8.0	9,271,340	1,525,084	85,640	14,467
Donor Fund Receivable	13.0	-	227,922	-	2,162
Other Assets	9.0	61,963	400,000	572	3,794
		9,333,303	2,153,006	86,212	20,423
Total Assets		9,629,635	2,404,291	88,949	22,807
LIABILITIES AND CAPITAL FUND					
Liabilities					
Other Liabilities	10.0	1,957,121	1,166,958	18,078	11,070
Related Party Payable	11.0	4,780,257	986,048	44,155	9,354
Total Liabilities		6,737,378	2,153,006	62,233	20,423
Capital Fund					
Donor Funds	12.0	2,892,257	251,285	26,716	2,384
Retained Surplus		-	-	-	-
Total Capital Fund		2,892,257	251,285	26,716	2,384
Total Liabilities and Capital Fund		9,629,635	2,404,291	88,949	22,807

The annexed notes form an integral part of these statements.


 Alina Gautam
 Account Officer
 Stichting BRAC International Nepal Office


 Khemraj Upadhyaya
 Country Representative
 Stichting BRAC International Nepal Office


 B.M. Dhungana, FCA
 Partner
 For: B & B Associates
 Chartered Accountants
 Date: 20.03.2017

STICHTING BRAC INTERNATIONAL-NEPAL

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 JAN-DEC NPR	2015 OCT-DEC NPR	2016 JAN-DEC USD	2015 OCT-DEC USD
Grant Income	1.0	17,646,404	3,572,056	163,000	33,884
Other Income	2.0	-	-	-	-
Foreign Currency Gain	2.0	350,468	-	3,237	-
Total Income		17,996,872	3,572,056	166,238	33,884
Project Expense	3.0	2,372,778	209,055	21,917	1,983
Staff Costs and Other Benefits	4.0	7,981,456	1,155,922	73,725	10,965
Training & Development	5.0	574,876	-	5,310	-
Occupancy Expenses	6.0	1,294,203	216,661	11,955	2,055
Other General & Administrative Expenses	7.0	5,713,170	1,949,753	52,773	18,495
Depreciation	14.0	60,390	40,665	558	386
Total Expenditure		17,996,872	3,572,056	166,238	33,884
Taxation		-	-	-	-
Surplus Reserve		-	-	-	-

The annexed notes form an integral part of these statements.


 Alina Gautam
 Account Officer
 Stichting BRAC International Nepal Office


 Khemraj Upadhyaya
 Country Representative
 Stichting BRAC International Nepal Office


 B.M. Dhungana, FCA
 Partner
 For: B & B Associates
 Chartered Accountants
 Date: 20.03.2017

STICHTING BRAC INTERNATIONAL-NEPAL

STATEMENT OF CHANGES IN CAPITAL FUND
FOR THE YEAR ENDED AT 31 DECEMBER 2016

	Donor Funds Received in Advance/(Donor Funds Receivable)	Donor Fund In Fixed Asset	Retained Surplus	Total Capital Fund	Total Capital Fund
	NPR	NPR	NPR	NPR	USD
At 1 OCTOBER 2015	-	-	-	-	-
Donations Received During the Year	3,595,419	-	-	3,595,419	33,211
Transferred to Fixed Assets	(291,950)	291,950	-	-	-
Transferred To Statement Of Comprehensive Income	(3,531,391)	(40,665)	-	(3,572,056)	(32,995)
Assets Received from Donor	-	-	-	-	-
Adjustment of Opening Balance	-	-	-	-	-
Surplus for the Year	-	-	-	-	-
At 31 DECEMBER 2015	(227,922)	251,285	-	23,363	216
At 1 JANUARY 2016	(227,922)	251,285	-	23,363	216
Donations Received during the Year	20,515,299	-	-	20,515,299	189,500
Transferred to Fixed Assets	(105,437)	105,437	-	-	-
Transferred to Statement of Comprehensive Income	(17,586,015)	(60,390)	-	(17,646,404)	(163,000)
Donor Funds Receivable	-	-	-	-	-
Assets Received from Donor	-	-	-	-	-
Adjustment of Opening Balance	-	-	-	-	-
Surplus for the Year	-	-	-	-	-
At 31 DECEMBER 2016	2,595,925	296,332	-	2,892,257	26,716

The annexed notes form an integral part of these statements.


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B.M.Dhungana,FCA
Partner
For: B & B Associates
Chartered Accountants
Date: 20.03.2017



STICHTING BRAC INTERNATIONAL-NEPAL

CASHFLOW STATEMENT
FOR THE YEAR ENDED AT 31 DECEMBER 2016

	Notes	2016 JAN-DEC NPR	2015 OCT-DEC NPR	2016 JAN-DEC USD	2015 OCT-DEC USD
Excess of Income Over Expenditure					
Cash Flows From Operating Activities					
Loss On Disposal Of Assets		-	-	-	-
Depreciation		60,390	40,665	558	386
Cash Flow Before Changes In Working Capital		60,390	40,665	558	386
Changes In Working Capital					
Increase/(Decrease) In Related Party Payables		3,794,209	990,114	34,802	9,392
Decrease/(Increase)/Decrease In Related Party Receivables		-	-	-	-
Increase/(Decrease) In Other Payables		790,163	1,166,958	7,008	11,070
(Increase)/Decrease Other Receivable		338,037	(400,000)	3,222	(3,794)
		4,982,798	1,797,737	45,590	17,053
Cash Flow From Investing Activities					
Acquisition Of Fixed Assets		(105,437)	(291,950)	(974)	(2,769)
Net Cash Provided By/(Used In) Investing Activities		(105,437)	(291,950)	(974)	(2,769)
Cash Flow From Financing Activities					
Increase/(Decrease) In Deferred Income		45,047	251,285	416	2,384
Increase/(Decrease) In Grants Received In Advance		2,823,847	-	26,141	-
(Increase)/Decrease In Grants Receivable		-	(231,988)	-	(2,201)
Net Cash Provided By/(Used In) Financing Activities		2,868,894	19,297	26,557	183
Net (Decrease)/Increase In Cash And Cash Equivalents		7,746,256	1,525,084	71,173	14,467
Cash and Cash Equivalents at Beginning Of The Year		1,525,084	-	14,467	-
Foreign Currency Gain/(Loss) Adjustment					
Cash And Cash Equivalents At The End Of The Period	8.0	9,271,340	1,525,084	85,640	14,467

The annexed notes form an integral part of these statements.


Alina Gautam
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Chartered Accountants
Date: 20.03.2017



STICHTING BRAC INTERNATIONAL-NEPAL

PROJECT WISE STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Rehabilitation Project	Pilot Project	Total	Rehabilitation Project	Pilot Project	Total
	NPR	NPR	NPR	USD	USD	USD
Assets						
Non-Current Assets						
Property And Equipment	292,332	4,000	296,332	2,700	37	2,737
Current Assets						
Cash And Bank	1,129,960	8,141,380	9,271,340	10,437	75,202	85,640
Donor Fund Receivable	-	-	-	-	-	-
Other Assets	61,963	-	61,965	572	-	572
	1,191,923	8,141,380	9,333,305	11,010	75,202	86,212
Total Assets	1,484,255	8,145,380	9,629,637	13,710	75,239	88,949
Liabilities And Capital Fund						
Liabilities						
Other Liabilities	1,402,227	554,894	1,957,121	12,952	5,126	18,078
Related Party Payable	4,367,229	413,028	4,780,257	40,340	3,815	44,155
Total Liabilities	5,769,456	967,922	6,737,378	53,293	8,941	62,233
Capital Fund						
Donor Funds	292,332	2,599,925	2,892,257	2,700	24,016	26,716
Retained Surplus	-	-	-	-	-	-
Total Capital Fund	292,332	2,599,925	2,892,257	2,700	24,016	26,716
Total Liabilities And Capital Fund	6,061,788	3,567,847	9,629,635	55,993	32,956	88,949

Alina Gautam
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Chartered Accountants
Date: 20.03.2017

STICHTING BRAC INTERNATIONAL-NEPAL

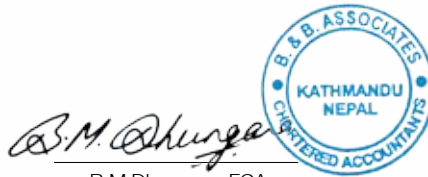
PROJECT WISE STATEMENT COMPREHENSIVE INCOME
FOR THE YEAR END STATEMENT 31 DECEMBER 2016

	Rehabilitation Project	Pilot Project	Total	Rehabilitation Project	Pilot Project	Total
	NPR	NPR	NPR	USD	USD	USD
Grant Income	13,208,042	4,438,364	17,646,406	122,003	40,997	163,000
Other Income	-	-	-	-	-	-
Foreign Currency Gain	249,525	100,943	350,468	2,305	932	3,237
Total Income	13,457,567	4,539,307	17,996,874	124,308	41,930	166,238
Project Expense	208,428	2,164,350	2,372,778	1,925	19,992	21,917
Staff Costs And Other Benefits	7,220,625	760,831	7,981,456	66,697	7,028	73,725
Training & Development	95,090	479,786	574,876	878	4,432	5,310
Occupancy Expenses	1,172,814	121,389	1,294,203	10,833	1,121	11,955
Other General & Administrative Expenses	4,701,220	1,011,950	5,713,170	43,425	9,347	52,773
Depreciation	59,390	1,001	60,391	549	9	558
Total Expenditure	13,457,567	4,539,307	17,996,874	124,308	41,930	166,238
Taxation	-	-	-	-	-	-
Surplus Reserve	-	-	-	-	-	-

Alina Gautam
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Stichting BRAC International Nepal Office



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B.M.Dhungana,FCA
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Date: 20.03.2017

STICHTING BRAC INTERNATIONAL-NEPAL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

14.00 Property and Equipment

	Furniture	Computer & Peripherals	Electrical & Electronics	Motor Cycles	Equipments	Total	Total
	NPR	NPR	NPR	NPR	NPR	NPR	USD
Cost							
At 1 October 2015	-	-	-	-	-	-	-
Additions	177,250	114,700	-	-	-	291,950	2,769
Disposed During The Period	-	-	-	-	-	-	-
At 31 December 2015	177,250	114,700	-	-	-	291,950	2,769
Addition	60,000	21,037	24,400	-	-	105,437	974
Disposed During The Period	-	-	-	-	-	-	-
Fx Translation (Loss)/Gain	-	-	-	-	-	-	(63)
At 31 December 2016	237,250	135,737	24,400	-	-	397,387	3,681
Depreciation							
At 1 October 2015	-	-	-	-	-	-	-
Charge For The Year	17,725	22,940	-	-	-	40,665	386
Disposal	-	-	-	-	-	-	-
Written Off During The Year	-	-	-	-	-	-	-
At 31 December 2015	17,725	22,940	-	-	-	40,665	386
Charge For The Year	24,155	31,355	4,880	-	-	60,390	558
Disposal	-	-	-	-	-	-	-
Written Off During The Year	-	-	-	-	-	-	-
At 31 December 2016	41,880	54,295	4,880	-	-	101,055	944
Net Book Value:							
NBV At 31 December 2015	159,525	91,760	-	-	-	251,285	2,384
NBV At 31 December 2016	195,370	81,442	19,520	-	-	296,332	2,737
Rate Of Depreciation	10%	20%	20%	20%	15%		



STICHTING BRAC INTERNATIONAL-NEPAL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 JAN-DEC NPR	2015 OCT-DEC NPR	2016 JAN-DEC USD	2015 OCT-DEC USD
1.00 Grant Income				
Name Of Project				
Rehabilitation Project	13,148,652	3,531,391	121,454	33,498
Pilot Project	4,437,363	-	40,988	-
	17,586,015	3,531,391	162,442	33,498
Ammortization Of Deferred Income	60,390	40,665	558	386
Brac Contribution	-	-	-	-
Total	17,646,404	3,572,056	163,000	33,884
Grant income relates to the operating expenses incurred by the different projects that are transferred from grants received in advance to the statement of comprehensive income.				
2.00 Other Income				
Bank Interest Income	-	-	-	-
Foreign Currency Gain	350,468	-	3,237	-
Total	350,468	-	3,237	-
3.00 Project Expense				
Construction Cost	1,388,222	209,055	12,823	1,983
Project Supplies	888,032	-	8,203	-
Club Rent	37,774	-	349	-
Honorarium And Incentives	58,750	-	543	-
Total	2,372,778	209,055	21,917	1,983
4.00 Staff Costs And Other Benefits				
Salaries And Benefits	7,013,986	1,071,275	70,997	10,162
Bonus	223,222	29,667	2,062	281
Food Allowances	417,705	54,980	3,858	522
Social Security Fund	40,983	-	379	-
Medical Benefits	130,155	-	1,202	-
Leave Fund	155,405	-	1,435	-
Staff Insurance	-	-	-	-
Total	7,981,456	1,155,922	79,934	10,965
5.00 Training & Development				
Employee Development	95,090	-	878	-
Project Meeting	6,725	-	62	-
Project Training & Workshop	416,481	-	3,847	-
Research And Survey	56,580	-	523	-
Total	574,876	-	5,310	-



STICHTING BRAC INTERNATIONAL-NEPAL

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

	2016 JAN-DEC NPR	2015 OCT-DEC NPR	2016 JAN-DEC USD	2015 OCT-DEC USD
6.00 Occupancy Expenses				
Office Rent	1,208,555	200,000	11,163	1,897
Other Utilities	85,648	16,661	791	158
Total	1,294,203	216,661	11,955	2,055
7.00 Other General & Administrative Expenses				
Office Expense (Note 7.01)	548,200	46,767	5,064	444
Maintenance And General Expenses	166,120	164,781	1,534	1,563
Travel And Transportation	2,972,369	1,158,614	27,456	10,990
Logistics And Management Expense	1,640,175	347,576	15,771	3,297
Bank Fees And Service Charges	5,286	-	49	-
Promotional Expense	154,520	-	1,427	-
Audit And Legal Fee	226,500	232,015	2,092	2,201
Foreign Currency Loss	-	-	-	-
Total	5,713,170	1,949,753	53,394	18,495
7.01 Office Expense				
Fuel Charge	-	-	-	-
Generator Maintenance	-	-	-	-
Internet Expense	12,025	3,785	111	36
Motor Cycle Maintenance	-	-	-	-
Office Supplies	-	-	-	-
Postage & Delivery	4,500	-	42	-
Printing And Stationary	35,866	15,534	331	147
Recruitment And Reallocation Expense	346,603	2,035	3,202	19
Telephone And Fax	149,206	25,413	1,378	241
Total	548,200	46,767	5,064	444
8.00 Cash And Cash Equivalents				
Cash In Hand	26,823	13,874	248	132
Cash At Bank	9,244,517	1,454,584	85,392	13,798
USD	8,555,463	969,864	79,027	9,200
Local	689,054	484,720	6,365	4,598
Short Term Deposits	-	-	-	-
Cash At IOU	-	56,626	-	537
Total	9,271,340	1,525,084	85,640	14,467

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STICHTING BRAC INTERNATIONAL-NEPAL

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

	2016 JAN-DEC NPR	2015 OCT-DEC NPR	2016 JAN-DEC USD	2015 OCT-DEC USD
9.00 Other Assets				
Stock And Consumables	-	-	-	-
Advances, Deposits And Prepayments (Note 9.01)	61,963	400,000	572	3,794
Total	61,963	400,000	572	3,794
9.01 Advances, Deposits And Prepayments				
Employee Advance	61,963	-	572	-
Prepaid Insurance	-	-	-	-
Prepaid Rent	-	400,000	-	3,794
Prepaid Utilities	-	-	-	-
Receivable From Other Project And Offices	-	-	-	-
Advance To Partner NGO	-	-	-	-
Advances To 3rd Party	-	-	-	-
Total	61,963	400,000	572	3,794
10.00 Other Liabilities				
Accrued Expenses	-	187,247	-	1,776
Accrued Salary	602,673	837,044	5,567	7,940
Bonus Provision	59,000	29,667	545	281
Medical Benefits Provision	130,155	-	1,202	-
Leave Salary Provision	155,405	-	1,435	-
Social Security Fund Payable	-	-	-	-
Insurance Provision	-	-	-	-
Audit & Advisory Fees Provision	113,000	113,000	1,044	1,072
Payable To 3rd Party	-	-	-	-
Legal Fee Payable	-	-	-	-
Withholding Tax	376,336	-	3,476	-
Payable To Partner NGO	520,552	-	4,808	-
Other Liabilities	-	-	-	-
Total	1,957,121	1,166,958	18,078	11,070
11.00 Related Party Payables				
BRAC Bangladesh	2,793,456	638,472	25,803	6,056
Stichting BRAC International	1,986,801	347,576	18,352	3,297
Total	4,780,257	986,048	44,155	9,354

*Related party payables relate to amounts owing to BRAC associates for the settlements of staff costs and operating expenditures on behalf of BRAC Nepal, HO logistics and other fees payable.

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STICHTING BRAC INTERNATIONAL-NEPAL

NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

	2016 JAN-DEC NPR	2015 OCT-DEC NPR	2016 JAN-DEC USD	2015 OCT-DEC USD
12.00 Donor Funds				
Donor Funds Received In Advance (12.01)	2,595,925	-	23,979	-
Donor Funds Investment In Fixed Assets	296,332	251,285	2,737	2,384
Total	2,892,257	251,285	26,716	2,384
12.01 Donor Funds Received In Advance				
Opening Balance	(227,922)	-	(2,105)	-
Donations Received During The Year (12.01(a))	20,515,299	3,595,419	189,500	34,106
Transferred To Deferred Income - Investment In Fixed Assets (12.01(b))	(105,437)	(291,950)	(974)	(2,769)
Transferred To Statement Of Comprehensive Income	(17,586,015)	(3,531,391)	(162,442)	(33,498)
	2,595,925	(227,922)	23,979	(2,162)
Transferred To/(From) Donor Funds Receivable	-	-	-	-
Closing Balance	2,595,925	(227,922)	23,979	(2,162)
12.01(a) Donations Received During The Year				
Name Of Donor				
BRAC	20,515,299	3,595,419	189,500	34,106
Total	20,515,299	3,595,419	189,500	34,106
12.01(b)Deferred Income- Invested In Fixed Assets				
Opening Balance	251,285	-	2,321	-
Transferred From Donor Funds Received In Advance	105,437	291,950	974	2,769
Depreciation Charged During The Year	(60,390)	(40,665)	(558)	(386)
Closing Balance	296,332	251,285	2,737	2,384
13.00 Donor Funds Receivable				
Opening Balance	227,922	-	2,105	-
Transferred (To)/From Donor Funds Received In Advance	(227,922)	227,922	(2,105)	2,162
Closing Balance	-	227,922	-	2,162

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STICHTING BRAC INTERNATIONAL-NEPAL OFFICE
Chapali Bhadrakhali, Budhanikantha
Kathmandu, Nepal

Note:15

Significant Accounting Politics And other Explanatory Information

A. GENERAL INFORMATION

BRAC, a development organization, was formed in 1972 under the Societies Registration Act 1860 of Bangladesh. Although it was first set up to resettle refugees in post war Bangladesh, BRAC later redesigned its strategies in accordance with its philosophy of poverty alleviation and empowerment of the poor.

After Nepal took a devastating hit to its economy, affecting the lives of its people due to the earthquake in 2015, BRAC had been one of the first global organisations to stand beside the people of Nepal in their time of distress. BRAC has initially set up its operations in Nepal with the main focus being on the rehabilitation of the earthquake victims and has planned to raise funds to build 400 earthquake resilient houses over a period of one and half years. However, on failure to get approval for reconstruction project, BRAC has now implemented another project named 'Pilot Project', with the mission to empower people and communities in situations of poverty, illiteracy, disease and social injustice, by signing the project agreement with Forum for Wildlife & Environment Project (FOWEP) on 11th August, 2016.

BRAC has entered into a General Agreement with Social Welfare Council on 30th September 2015 and is also registered with tax authorities of Nepal on 15th October 2015 with Permanent Account Number 603648982. BRAC has obtained the status of tax exempt entity under the provisions of Income Tax Act of Nepal.

B. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

1. Basis of accounting

The financial statements expressed in the Nepalese Rupees (NPR) has been prepared under the historical cost convention using accrual basis of accounting unless otherwise stated.

2. Reporting Period

The financial statements cover the period from 1st January, 2016 to 31st December, 2016 (Previous year: 1st October 2015 to 31st December 2015).

3. Grant Income

Funds received as Grant, which are unrestricted in nature, are recognized as income to the extent of actual expenditure incurred. For donor grants which involve funding for property, plant and equipment, grant income is recognized as the amount equivalent to depreciation expenses charged in the fixed assets concerned.

4. Expenditure

All expenses including programme related expenses are charged as and when they are incurred. The headquarters overhead expenses are allocated to the programme at 10% of the total cost, based on global policy followed by BRAC.

5. Funding Arrangements

Stichting BRAC International-Nepal office operates USD bank account at Himalayan Bank Limited, in which the funds are received in USD from its Headquarters. Funds are transferred from USD account to NPR account at the spot rates.

6. Assets Procured under the Project

Fixed assets procured as per project agreement are charged as capital expenditure. Any other assets purchased are charged to expense in the year of purchase. A separate record is maintained for control over fixed assets.

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STICHTING BRAC INTERNATIONAL-NEPAL OFFICE
Chapali Bhadrakhali, Budhanikantha
Kathmandu, Nepal

Significant Accounting Politics And other Explanatory Information (contd.)

7. Depreciation

Depreciation on Fixed Assets is provided following straight line method on the basis of useful life of the assets as determined by the management by applying the following rates:

Assets	Rate
Furniture and Fixtures	10%
Computer and Peripherals	20%
Electrical and Electronics	20%
Motorcycle	20%
Equipment	15%

Full depreciation is provided on Fixed Assets at the prescribed rate in the year of purchase.

8. Exchange rate

The functional currency of Stichting BRAC International-Nepal office is Nepalese Rupee (NPR). Monetary Assets and liabilities denominated in USD at the end of the reporting period are translated into functional currency at the rate of NPR 108.26/USD.

9. Foreign Exchange gain/loss

Foreign exchange gain amounting to NPR 350,468.00 has been recognized as income during the year

10. Rearrangement and grouping

Figure in the financial statements are rearranged or re-grouped, wherever necessary to confirm to financial statement presentation.

11. Corresponding figures of the previous year

Corresponding figures of the previous year covers the period 1st October 2015 to 31st December 2015. Hence the figures of current year are not comparable with the corresponding figures of the previous year.



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