



**Nepal National Social Welfare Association (NNSWA)  
Kanchanpur, Nepal**

**Audit Report**

**For**

**For the Period 16 July 2020 to 15 July 2021**



**Submitted by:**

**S. Devkota & Company  
Chartered Accountants  
Teku, Kathmandu  
Nepal**

## INDEPENDENT AUDITOR'S REPORT

**To the Members of Nepal National Welfare Association (NNSWA)**

### Opinion

We have audited the financial statements of Nepal National Welfare Association (NNSWA) for the year ended 31 Ashadh 2078 which comprise of the Balance Sheet, Statement of Income and Expenditures, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements:

- give a true and fair view of the financial position of the organization as at 31 Ashadh 2078 and of its financial performance and cash flows for the year then ended;
- have been properly prepared in accordance with Nepal Accounting Standards;

### Basis for opinion

We conducted our audit in accordance with Nepal Standards on Auditing (NSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Nepal National Welfare Association (NNSWA) in accordance with the hand book of code of ethics issued by ICAN, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management for the Financial Statements

The management is responsible for the preparation of financial statements that give a true and fair view in accordance with generally accepted accounting principles, and for such internal control as the management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, the management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intend to liquidate the organization or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the organization;
- Conclude on the appropriateness of the managements' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However,

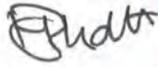


future events or conditions may cause the organization to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For and on behalf of  
S. Devkota & Company;  
Chartered Accountants

Nishchal Bhattarai, FCA  
Partner,

Date: 10 August 2021

UDIN: 210823CA00519m9967

**Nepal National Social Welfare Association (NNSWA)**  
**Kanchanpur**  
**Balance Sheet**  
**As at 31 Ashadh 2078 (15 July 2021)**

Particular	Schedule	Current Year NPR	Previous Year NPR
<b><u>Assets</u></b>			
<b>Non Current Assets</b>			
Fixed Assets		-	-
<b>Current Assets</b>			
Advance, Deposit & Receivables	1	779,940.11	270,160.42
Bank, Cash & Cash Equivalents	2	22,491,651.99	10,244,502.74
Donor Receivable	3	-	404,247.44
<b>Total Current Assets</b>		<b>23,271,592.10</b>	<b>10,918,910.60</b>
<b>Total Assets</b>		<b>23,271,592.10</b>	<b>10,918,910.60</b>
<b><u>Liabilities &amp; Fund Balance</u></b>			
<b>Current Liabilities</b>			
Payables	4	6,556,072.02	1,452,138.78
<b>Total Current Liabilities</b>		<b>6,556,072.02</b>	<b>1,452,138.78</b>
<b>Fund Balance</b>			
<b>Unrestricted Fund</b>			
Opening Organization Core Fund		7,463.44	12,463.44
Add: Surplus/(Deficit) Transferred from Income Statement		12,463.44	(17,433.04)
Add: Surplus/(Deficit) Transferred from Income Statement		(5,000.00)	29,896.48
<b>Restricted Funds</b>	5	16,708,056.64	9,454,308.38
<b>Total Fund Balance</b>		<b>16,715,520.08</b>	<b>9,466,771.82</b>
<b>Total Liabilities &amp; Fund Balance</b>		<b>23,271,592.10</b>	<b>10,918,910.60</b>

Significant accounting policies & notes to accounts forms an integral

Significant Accounting Policies and Notes to  
Account

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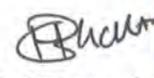
Note: Schedule 1 to 5 and 8 form integral part of Balance sheet

As per our report of even date

  
Anita Sunar  
Finance Officer

  
Kabita Bhatta  
Treasurer

  
Ashok Bikram Jairu  
Executive Director

  
Nishchal Bhattarai, FC  
Partner  
S. Devkota & Company  
Chartered Accountants

Location: Kanchanpur, Nepal  
Date : 10 August 2021

**Nepal National Social Welfare Association (NNSWA)**

**Kanchanpur**

**Statement of Income and Expenditure**

**For the Period From 1 Shrawan 2077 to 31 Ashadh 2078 (17 July 2020 to 15 July 2021)**

<b>Particular</b>	<b>Schedule</b>	<b>Current Year NPR</b>	<b>Previous Year NPR</b>
<b>Income</b>			
Grant/Income	6	71,298,474.06	67,241,201.11
<b>Total Income</b>		<b>71,298,474.06</b>	<b>67,241,201.11</b>
<b>Project Expenses</b>			
Expenditure	7	71,303,474.06	67,211,304.63
<b>Total Expenses</b>		<b>71,303,474.06</b>	<b>67,211,304.63</b>
<b>Surplus/(Deficit)</b>		<b>(5,000.00)</b>	<b>29,896.48</b>

Explanatory Notes to Accounts

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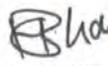
Note: Schedule 6 to 8 form integral part of Statement of Income and Expenditure

As per our report of even date

  
Anita Sunar  
Finance Officer

  
Kabita Bhatta  
Treasurer

  
  
Ashok Bikram Jairu  
Executive Director

  
  
Nishchal Bhattarai, FCA  
Partner  
S. Devkota & Company  
Chartered Accountants

Location: Kanchanpur, Nepal

Date : 10 August 2021

# Nepal National Social Welfare Association (NNSWA)

## Kanchanpur

### Statement of Cash Flow

For the Period From 1 Shrawan 2077 to 31 Ashadh 2078 (17 July 2020 to 15 July 2021)

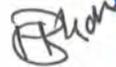
Description	Current Year NPR	Previous Year NPR
<b>Cash Flow from Operating Activities</b>		
Surplus/(Deficit) during the year	(5,000.00)	29,896.48
Adjustment for depreciation on fixed assets	-	-
<b>Operating Deficit before Working Capital Changes</b>	<b>(5,000.00)</b>	<b>29,896.48</b>
Decrease/ (Increase) in Receivables	(509,779.69)	956,586.10
Decrease/ (Increase) in Donor Receivables	404,247.44	81,562.45
Increase/ (Decrease) in Payables	5,103,933.24	(30,598.86)
Increase/ (Decrease) in Donor Payables	7,253,748.26	1,854,818.65
<b>Cash Flows from Operating Activities (A)</b>	<b>12,247,149.25</b>	<b>2,892,264.82</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of Fixed Assets	-	-
<b>Cash Flows from Investment Activities (B)</b>	<b>-</b>	<b>-</b>
<b>Net Increase/ Decrease in Cash (A+B)</b>	<b>12,247,149.25</b>	<b>2,892,264.82</b>
Cash and Cash Equivalent at the beginning of the period	10,244,502.74	7,352,237.92
<b>Cash and Cash Equivalent at the end of the period</b>	<b>22,491,651.99</b>	<b>10,244,502.74</b>

Significant accounting policies & notes to accounts forms an integral part of Statement of Ca:

  
Anita Sunar  
Finance Officer

  
Kabita Bhatta  
Treasurer

  
Ashok Bikram Jairu  
Executive Director

  
Nishchal Bhattarai, FCA  
Partner  
S. Devkota & Company  
Chartered Accountants

Location: Kanchanpur, Nepal  
Date : 10 August 2021

**Nepal National Social Welfare Association (NNSWA)**  
**Schedules to Financial Statement**  
**Fiscal Year 2077/78 (2020/21)**

**Schedule 1**

**Advance, Deposit & Receivables**

**Amount (NPR)**

Particular	FY 2077/78	FY 2076/77
People With Injecting Drugs (PWID) 2020	-	10,438.89
People With Injecting Drugs (PWID) 2021	48,558.63	-
Physical Rehabilitation Activity Project ( PRAP)	306,390.93	18,510.00
Disability Inclusive Development Project	-	10,000.00
Linkages Nepal Project	103,201.67	100,121.15
SUAAHARA-(HKI)	12,717.89	30,175.02
OD,Service through Cost Recovery	13,520.80	43,336.80
Migrant and Their Spouse: Malaria	-	57,578.56
UTTHAN PROJECT	161,025.00	-
EPIC Nepal Project	94,320.74	-
DERF/HPPIN PROJECT	15,000.00	-
Migrant and Their Spouse_ 2021	25,204.45	-
<b>Total</b>	<b>779,940.11</b>	<b>270,160.42</b>

**Schedule 2**

**Cash & Bank Balance**

Particular	FY 2077/78	FY 2076/77
People With Injecting Drugs (PWID) 2020	-	34,859.82
People With Injecting Drugs (PWID) 2021	507,485.79	-
Physical Rehabilitation Activity Project ( PRAP)	454,430.81	1,135,297.94
Disability Inclusive Development Project	140,904.16	208,101.90
Linkages Nepal Project	96,334.95	1,421,398.85
SUAAHARA-(HKI)	1,328,114.50	380,476.78
SUAAHARA-CARE	-	2,550.75
Community Based Livelihood Sustainable Food Security (CBLIFS)	-	134.08
OD,Service through Cost Recovery	1,760,392.38	1,034,945.80
Organizational Core Account	7,463.44	12,463.44
PAANI Project	-	6,791.92
Migrant and Their Spouse: Malaria	-	235,590.52
EITFF 2020 Project	-	1,093,185.48
SAPHAL PROJECT	1,539,434.38	2,206,879.19
UTTHAN PROJECT	6,945,214.34	1,322,728.10
CSEB Gift Project	1,149,098.17	1,149,098.17
EPIC Nepal Project	1,461,350.26	-
NEXUS Project	2,365,367.76	-
DERF/HPPIN PROJECT	4,051,249.11	-
Migrant and Their Spouse_ 2021	684,811.94	-
<b>Total</b>	<b>22,491,651.99</b>	<b>10,244,502.74</b>



**Schedule 3****Donor Receivable**

Particular	FY 2077/78	FY 2076/77
SUAAHARA-(HKI)	-	404,247.44
<b>Total</b>	<b>-</b>	<b>404,247.44</b>

**Schedule 4****Payables**

Particular	FY 2077/78	FY 2076/77
People With Injecting Drugs (PWID) 2021	243,722.00	-
Physical Rehabilitation Activity Project ( PRAP)	256,044.74	5,405.74
Disability Inclusive Development Project	-	14,945.67
Linkages Nepal Project	-	412,002.00
SUAAHARA-(HKI)	859,822.23	814,899.24
SUAAHARA-CARE	-	2,550.75
OD,Service through Cost Recovery	195,337.00	53,491.00
PAANI Project	-	5,000.00
EITFF 2020 Project	-	718.00
UTTHAN PROJECT	80,783.28	143,126.38
EPIC Nepal Project	457,447.00	-
DERF/HPPIN PROJECT	4,066,249.11	-
Migrant and Their Spouse 2021	396,666.66	-
<b>Total</b>	<b>6,556,072.02</b>	<b>1,452,138.78</b>

**Schedule 5****Restricted Funds/Payable to Donor**

Particular	FY 2077/78	FY 2076/77
People With Injecting Drugs (PWID) 2020	-	45,298.71
People With Injecting Drugs (PWID) 2021	312,322.42	-
Physical Rehabilitation Activity Project ( PRAP)	504,777.00	1,148,402.20
Disability Inclusive Development Project	140,904.16	203,156.23
Linkages Nepal Project	199,536.62	1,109,518.00
SUAAHARA-(HKI)	481,010.16	-
Community Based Livelihood Sustainable Food Security (CBLIFS)	-	134.08
OD,Service through Cost Recovery	1,578,576.18	1,024,791.60
PAANI Project	-	1,791.92
Migrant and Their Spouse: Malaria	-	293,169.08
EITFF 2020 Project	-	1,092,467.48
SAPHAL PROJECT	1,539,434.38	2,206,879.19
UTTHAN PROJECT	7,025,456.06	1,179,601.72
CSEB Gift Project	1,149,098.17	1,149,098.17
EPIC Nepal Project	1,098,224.00	-
NEXUS Project	2,365,367.76	-
Migrant and Their Spouse 2021	313,349.73	-
<b>Total</b>	<b>16,708,056.64</b>	<b>9,454,308.38</b>



**Schedule 6**  
**Income**

Particular	FY 2077/78	FY 2076/77
People With Injecting Drug ( PWID) 2019	-	2,601,929.56
People With Injecting Drugs (PWID) 2020	3,799,431.77	2,455,300.28
People With Injecting Drugs (PWID) 2021	2,211,677.58	-
Physical Rehabilitation Activity Project ( PRAP)	3,458,625.20	1,210,840.80
Disability Inclusive Development Project	6,201,457.07	5,368,879.74
Linkages Nepal Project	3,227,391.38	14,932,594.80
SUAAHARA-(HKI)	9,811,649.80	11,354,247.44
SUAAHARA-CARE	-	562,867.00
CS:MAP	-	5,311,107.41
GIFT /EITFF -2019	-	1,384,135.17
Community Based Livelihood Sustainable Food Security (CBLIFS)	-	3,765,601.97
OD,Service through Cost Recovery	4,359,852.84	3,697,494.70
Organizational Core Account	33,844.00	45,166.48
PAANI Project	-	2,589,626.33
Migrant and Their Spouse: Malaria	4,694,597.13	2,025,530.92
EITFF 2020 Project	1,090,598.40	174,335.00
SAPHAL PROJECT	9,266,453.05	3,898,201.76
UTTHAN PROJECT	5,218,069.06	2,975,276.81
DERF PROJECT	-	2,888,064.94
CSEB Gift Project	1,146,426.99	-
MMC Project	1,702,487.00	-
EPIC Nepal Project	8,853,517.48	-
NEXUS Project	1,488,507.99	-
DERF/HPPIN PROJECT	1,786,337.05	-
Migrant and Their Spouse 2021	2,947,550.27	-
<b>Total</b>	<b>71,298,474.06</b>	<b>67,241,201.11</b>

**Schedule 7**  
**Expenditure**

Particular	FY 2077/78	FY 2076/77
People With Injecting Drug ( PWID) 2019	-	2,601,929.56
People With Injecting Drugs (PWID) 2020	3,799,431.77	2,455,300.28
People With Injecting Drugs (PWID) 2021	2,211,677.58	-
Physical Rehabilitation Activity Project ( PRAP)	3,458,625.20	1,210,840.80
Disability Inclusive Development Project	6,201,457.07	5,368,879.74
Linkages Nepal Project	3,227,391.38	14,932,594.80
SUAAHARA-(HKI)	9,811,649.80	11,354,247.44
SUAAHARA-CARE	-	562,867.00
CS:MAP	-	5,311,107.41
GIFT /EITFF -2019	-	1,384,135.17
Community Based Livelihood Sustainable Food Security (CBLIFS)	-	3,765,601.97
OD,Service through Cost Recovery	4,359,852.84	3,697,494.70
Organizational Core Account	38,844.00	15,270.00
PAANI Project	-	2,589,626.33
Migrant and Their Spouse: Malaria	4,694,597.13	2,025,530.92
EITFF 2020 Project	1,090,598.40	174,335.00





SAPHAL PROJECT	9,266,453.05	3,898,201.76
UTTHAN PROJECT	5,218,069.06	2,975,276.81
DERF PROJECT	-	2,888,064.94
CSEB Gift Project	1,146,426.99	-
MMC Project	1,702,487.00	-
EPIC Nepal Project	8,853,517.48	-
NEXUS Project	1,488,507.99	-
DERF/HPPIN PROJECT	1,786,337.05	-
Migrant and Their Spouse 2021	2,947,550.27	-
<b>Total</b>	<b>71,303,474.06</b>	<b>67,211,304.63</b>

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**Schedule 8: Statement of Accounting Policies and Notes to Financial Statement  
For the Year Ended 31 Ashad 2078 (15 July 2021)**

**1. General Information**

Nepal National Social Welfare Association (NNSWA) established itself in 1990. In 1994, NNSWA registered with the District Administration Office Kanchanpur and affiliated to Social Welfare Council Kathmandu. NNSWA has grown over the years, implementing various integrated community-based development programs in Sudhuraschim province being one of the leading development organizations of Sudhuraschim province.

Except for certain activities that will conclude on the realization of their relevant activities in accordance with the relevant terms of reference, the financial statements have been prepared on going concern basis.

**2. Significant Accounting Policies**

**2.1 Basis of preparation**

The financial statements have been prepared using the historical cost convention or at Fair value wherever specifically disclosed.

**2.2 Functional and Presentation Currency**

The financial statements are presented in Nepali Rupees (NPR), which is the organization's functional and presentation currency. All financial information are presented in Rupees, except when otherwise indicated.

**2.3 Changes in Accounting Policies and Disclosures**

The Accounting policies have been consistently applied, unless otherwise stated, and are consistent with those used in previous years.

**2.4 Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the financial statements requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in the process of applying the accounting policies. The management makes certain estimates and assumptions regarding the future events. Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual result may differ from these estimates and assumptions.



## 2.5 Recognition of Income

### Unrestricted Funds/Accumulated surplus

Unrestricted funds are those that are available for use by NNSWA, in furtherance of the general objectives of NNSWA and which are not designated for any specific purpose. Further income such as bank interest, membership income, overhead income and other income of NNSWA Organizational Core Account is recognized as income in accrual basis.

### Restricted Fund

The activities for which these restricted funds may and are being used are identified in the financial statements Restricted Funds. Such restricted fund may include conditions for refund should there be balance of fund at the end of the project. The income from such restricted funds is recognized to the extent of the expenditure incurred for the project activities. The excess of fund over the expenditure is represented by the Receivable from Donor and Restricted Fund and same will be utilized for the agreed program implementation in the succeeding period.

## 2.6 Recognition of Expenses

Total expenditure NPR 71,477,809.06 incurred by Nepal National Social Welfare Association (NNSWA) are recognized on accrual basis.

Particular	Amount in NPR
People With Injecting Drugs (PWID) 2020	3,799,431.77
People With Injecting Drugs (PWID) 2021	2,211,677.58
Physical Rehabilitation Activity Project (PRAP)	3,458,625.20
Disability Inclusive Development Project	6,201,457.07
Linkages Nepal Project	3,227,391.38
SUAAHARA-(HKI)	9,811,649.80
OD,Service through Cost Recovery	4,359,852.84
Organizational Core Account	38,844.00
Migrant and Their Spouse: Malaria	4,694,597.13
EITFF 2020 Project	1,090,598.40
SAPHAL PROJECT	9,266,453.05
UTTHAN PROJECT	5,218,069.06
CSEB Gift Project	1,146,426.99
MMC Project	1,702,487.00
EPIC Nepal Project	8,853,517.48
NEXUS Project	1,488,507.99
DERF/HPPIN PROJECT	1,786,337.05
Migrant and Their Spouse _ 2021	2,947,550.27
<b>Total</b>	<b>71,303,474.06</b>



## **2.7 Fixed assets and Depreciation**

### **Assets Procured from Donor Restricted Funds**

Assets procured from donor restricted fund are initially written off as project cost in the year of purchase in the statement of income and expenditure.

As the assets are not to be handed over to the beneficiary or returned to the original donor, the asset has not been valued and brought into the financial statements under property plant and equipment with corresponding credit to a Deferred Revenue (Liability). Therefore, depreciation is not charged and a memorandum fixed asset register is kept to track the location and status of such assets.

## **2.8 Inventory**

The cost of inventory in hand at the year end is not valued and not reflected in the Financial Statement. Inventory items are charged as expenses at the time of acquisition

## **2.9 Cash and cash Equivalents**

NNSWA considers and classifies cash in hand, amounts due from banks and short-term deposits with an original maturity of three months or less under the category of “Cash and Bank Balances”.

## **2.10 Account Payables**

Accounts payables are stated at their cost.

## **3. Notes to Account**

### **3.1 Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of NNSWA. It may also be a present obligation that arises from past events but in respect of which an outflow of economic benefit is not probable or which cannot be measured with sufficient reliability.

No contingent liabilities exist as of the date of the Statement of Financial Position.

### **3.2 Taxation**

Nepal National Social Welfare Association (NNSWA) is a tax exempted entity vides tax exemption certificate of Inland Revenue Department. Hence no provision for tax has been made.

### **3.3 Adjustment in Opening Balance**

Previous year’s opening figures have been regrouped and rearranged wherever necessary.

### **3.4 Event After Reporting Period**

There has been no event occurring after the reporting period.

