



# Nutrition and Education International Annual Report 2015



## Can we help even one more Afghan family grow soybeans to fight malnutrition?



Dear Friends,

I am happy to share with you that 2015 was an abundant year for all of our hard working soy farmers. Their tireless work to improve the lives of their families and the country as a whole resulted in a record breaking 4,000 metric tons of soy harvested. This harvest brings NEI's team one step closer to ending malnutrition in the country. NEI promotes soy farming not only to increase protein intake but also to give farmers economic opportunities that offer them hope, dignity, and self-sufficiency. With your support and encouragement, NEI helped 12,000 farming households have a better year.

We also created new business partnerships that increased soy food production so that more families have access to soy nutrition. NEI continued humanitarian aid efforts, providing 244,500 servings of soy naan bread, soy flour, soy cookies to the neediest women and children in the country. NEI could not accomplish this without the generous support from our donors, the hardworking NEI staff, and countless partners that care about ending hunger in Afghanistan.

Thank you very much for believing in NEI.  
Sincerely,

A handwritten signature in black ink that reads "Steven Kwon". The signature is fluid and cursive.

Steven Kwon, Ph. D. Founder and President







## Organization Background:

**Nutrition & Education International's hope is to help revitalize Afghanistan, a nation that has suffered from over 30 years of conflict. NEI creates long-lasting opportunities and nourishment for the country's most vulnerable people. To address Afghanistan's food security needs, NEI in partnership with Afghan farmers has increased the amount of high protein food available to families. NEI works hand-in-hand with farmers and teaches them how to become successful, sustainable soybean farmers. Soybean farming gives rural households access to a high protein crop that also generates an income for the farmers.**

**Teaching farmers how to become sustainable soy farmers is not enough. The needs in the country require technology and a large-scale, industrial development program. Therefore, NEI builds all links that get soybeans from the farm to the tables of families throughout the country. These links are strengthened through our Soy Industry Value Chain that involves farming, processing, and marketing. This report summarizes what NEI & hardworking Afghan people accomplished in 2015. Together we contributed to the soy value chain to help more Afghan people lead healthier lives.**

### VISION:

**To eradicate protein-energy malnutrition among women and children in Afghanistan.**

### MISSION:

**To establish a self-sustainable soy industry and soy food culture as a practical solution to malnutrition.**

## WHY SOYBEANS?

**Soybeans are recognized as a rich source of protein that also include nine Essential Amino Acids and healthy Omega-3 oils. Soybeans also help the absorption of critical vitamins and minerals required for a healthy diet. In addition to containing more protein on a per kilogram basis than poultry, beef, and eggs, soybeans are the most economical protein source in the country. Because of these positive benefits, in 2003, NEI introduced soybean farming in Afghanistan as a practical and cost-effective countermeasure to rampant malnutrition among women and children in impoverished areas.**

## WHY DID NEI INITIATE THIS PROJECT?

In 2003, Afghanistan had some of the worst rankings on key human development indicators. A major underlying reason for these health problems was malnutrition:

- Approximately 33% of the Afghan population live with food insecurity.
- Approximately 19% of the Afghan population consumes less than 50 grams of protein per day, the minimum protein level for a healthy diet.

A major underlying reason for these health tragedies is due to maternal and childhood malnutrition. To eliminate these on-going problems, Afghanistan needs a high protein food crop that will decrease protein deficiency and improve the wellbeing of vulnerable women and children.

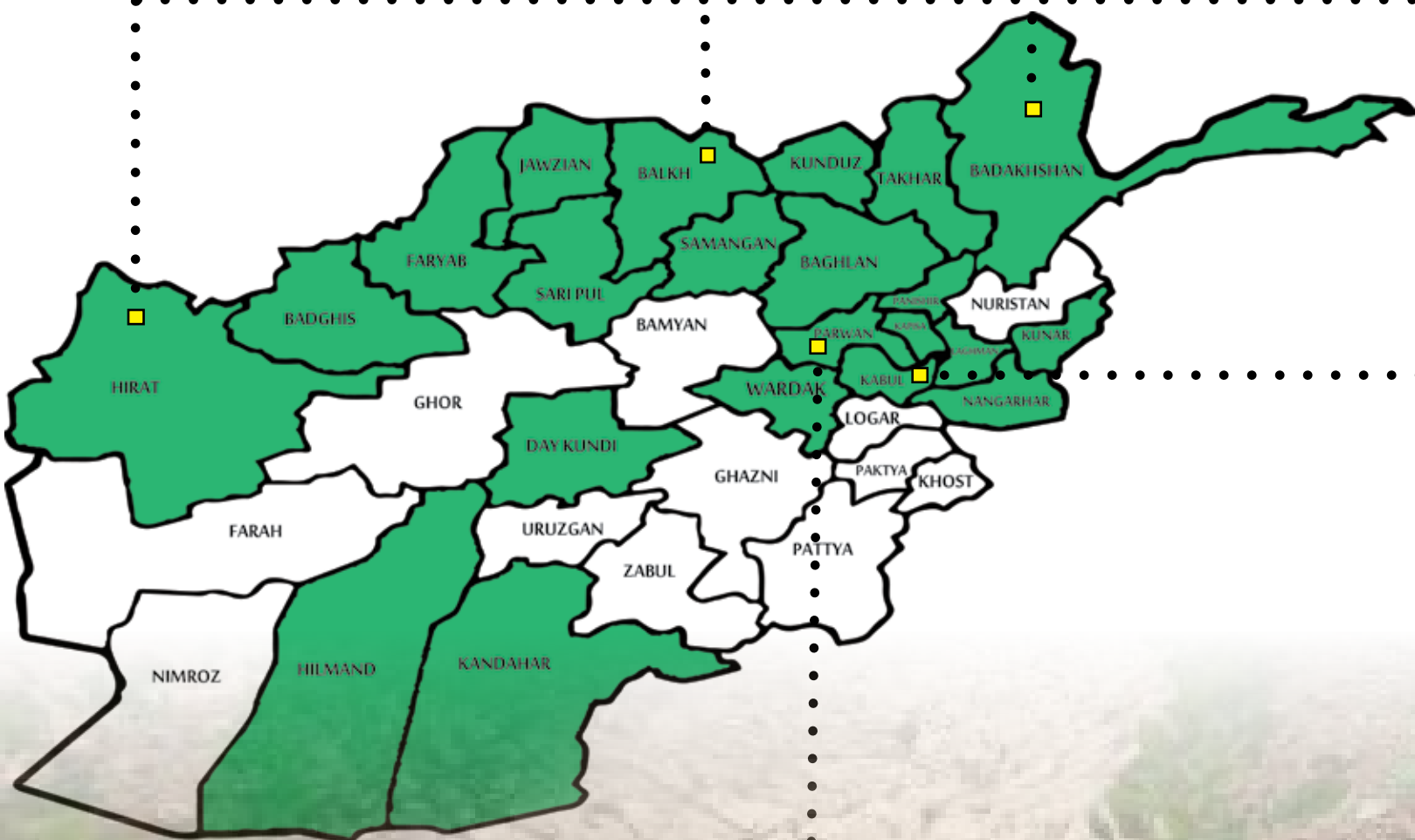


<sup>1</sup> World Food Programme 2015. Country Profile Afghanistan. <http://www.wfp.org/countries/afghanistan>

<sup>2</sup> Central Statistics Organization (2014), National Risk and Vulnerability Assessment 2011-12. Afghanistan Living Condition Survey. Kabul, CSO.

# WHERE WE SERVE:

- Badakhshan
- Badghis
- Baghlan
- Balkh
- Bamyan
- Daykundi
- Faryab
- Helmand
- Herat
- Jowzjan
- Kabul
- Kandahar
- Kapisa
- Kunar
- Kunduz
- Laghman
- Nangarhar
- Oruzgan
- Paktia
- Panjshir
- Parwan
- Samangan
- Sar-e Pol
- Takhar
- Wardak



**BALKH**



**BADAKSHAN**



**HERAT**



**KABUL**



**PARWAN**



# Self-Sustainable Soy Industry Development

In order to address protein deficiency throughout Afghanistan, all Afghans should be able to enjoy affordable soy foods. Therefore, a soy food culture is being developed to promote soy food for the general public, with particular focus on rural households where malnutrition is rampant among women and children. As demand for soy food grows, NEI's goal is to create a self-sustainable soy industry. NEI has been partnering with farmers, village leaders, relevant Afghanistan Government Ministries, and the private sector to fully establish this soy industry. This means that, over time, NEI will step aside, enabling the soy industry to be fully managed by Afghans, for Afghans, in Afghanistan. For this to take place, NEI is developing a full soy value chain that utilizes a large-scale model to build a self-sustainable soybean industry. The key segments of the value chain include:

1. Soybean Seed Multiplication
2. Soybean Production
3. Soybean Processing
4. Soy Market Development



**Soy Market Development**

Demand for soy products

**Soybean Seed Multiplication**

Produce seed for farmers

**Self - Sustainable Soy Industry**

**Soybean Processing**

Soy flour, soy milk and tofu, etc.

**Soybean Production**

Sell soybeans for seed and processing

**Humanitarian Aid**

Soy Milk Feeding Programs

**Home Consumption**

Reduce malnutrition

# Soybean Production with Farmers

NEI's soy agriculture program is the foundation of our mission in Afghanistan. NEI has trained 70,000 soy farmers since 2006 to grow and harvest soybeans throughout Afghanistan. Each year, farmers are taught how to grow soybeans and in return for participating in the program, farmers receive non-GMO soybeans seeds, fertilizer, and inoculants. This support ensures that the farmers get the highest yield possible to feed their families and earn a living. Farmers keep a portion of their harvest for home consumption and sell the remaining harvest to factories or in the market.

## 2015 Farmers Support

In 2015 NEI trained 12,500 farmers in 22 provinces. This included 300 high school teachers and 591 female farmers. More than 120 metric tons of soybean seeds, 300 metric tons of fertilizer, and 250 kilograms of inoculants were given to farmers to help with soy cultivation. This year, farmers broke the national record with a total yield of over 4,000 metric tons of soybeans harvested. 3,200 metric tons of the soybeans were kept for home consumption and 800 metric tons were sold in the market.

## Soy Farmers Association

Soy farming is still relatively new in Afghanistan and farmers need associations to help them with trainings, technology, and marketing of their products. To meet this need, NEI established Soy Farmers Associations (SFA) in various provinces of Afghanistan to assist the soy farmers. In 2015, NEI established SFAs in Baghlan, Balkh, Helmand, Jawzjan, Kunar and Daikundi increasing the number of SFAs to 12 in the country. NEI provides the SFAs with tractors and threshers for planting and post-harvest. This is important equipment that helps farmers become more productive, with a higher quality harvest. In 2015, NEI supplied the SFAs with 16 tractors and 30 threshers.

## Soybean Seed Production Partners Organization

Seven seed companies from each agriculture zone are partnering with NEI to produce certified soybean seeds. This seed production is an important step towards ending the country's reliance on other nations to purchase soybean seeds. Afghanistan can have a sustainable soy industry with the proper amount of seed production. NEI is building the capacity of farmers and government researchers in order to make this goal a reality.

## Soybean Seed Variety Research

NEI has partnered with a governmental agency-Agriculture Research Institute of Afghanistan (ARIA) to identify the most abundant seed variety for every agro climactic zone of Afghanistan. Each seed undergoes 3 years of research and the most resilient and highest yields are certified by the Ministry of Agriculture, Irrigation and Livestock (MAIL). NEI partners with seed growing companies to produce the certified soy seeds. In 2015, NEI and our partners conducted research on three new varieties from the Republic of Korea and seventeen new seed varieties from the United States. A total of 20 new soybean seed varieties have been introduced to eight research stations for test trials.



# Soybean Processing Industry Development

In 2015, soybean production in Afghanistan reached an all-time record. To keep up with the increase in soy production, NEI established an additional processing factory. Soy manufacturing became more diversified this year as well. In Kapisa province, NEI established a factory that makes soy cooking oil. NEI and business partners produced roasted full fat soy flour, reduced fat soy flour, and soy oil. NEI worked with 7 business partner to operate soy factories this year. Business owners and their staff received training by NEI and received quality control and technical support. The factories are regional buyers of soybean and the factories hire local staff including female workers.

## NEI's 2015 Soy Processing Factories Business Partners

- Nutriana – Roasted Full Fat Soy Flour
- Parwan Bastan Improved Seed Company- Roasted Full Fat Soy Flour
- Nangarhar Ahmad Soybean Factory- Roasted Full Fat Soy Flour
- Kunduz Aimaq Soybean Factory- Roasted Full Fat Soy Flour
- Takhar Soybean Factory- Roasted Full Fat Soy Flour
- Soybean Products & Processing Company- Roasted Full Fat Soy Flour
- Kapisa Soy Products Factory- Soy Oil & Reduced Fat Soy Flour

In 2015, NEI began making plans to establish Afghanistan's first sterilized soy milk factory. This factory will produce 40,000 pouches of soy milk per day, which can be stored at room temperature for up to 10 months without refrigeration. Commercial production is expected to begin in 2016 and will serve hundreds of thousands of Afghans per year.



# Soy Food Culture Development

Soybean is a relatively new crop in Afghanistan. To promote soy nutrition, NEI implemented several initiatives to increase awareness and consumption of this healthy food. NEI conducted a marketing campaign reaching rural and urban households through billboards, radio, and TV advertisements. Families had access to soy food products sold at retail locations and naan bakeries throughout the country. NEI also focused on training professionals and educators on soy nutrition so that they would spread the word to their friends and family about the health benefits of this food.

## National Advertising Campaign

NEI's marketing team developed an informative media campaign using TV, radio and billboard advertising to educate consumers on the health, taste, and affordability of soy foods. Advertising ran for 3 months in 2015, centered around Ramadan when families and friends share special meals. The advertising ran throughout Afghanistan, focusing on TV in urban areas and radio in poor rural areas. We also participated in agricultural fairs and expositions to raise awareness about the health benefits of soy among farmers, businesses, hospital staff, university students, and the general public.

## Nutriana<sup>®</sup> Selling Centers

At NEI's Nutriana selling centers, consumers can purchase an assortment of delicious and nutritious packaged soy foods including soybeans, soy cookies, soy flour, and roasted soy nuts. These stores are located in high traffic areas in Kabul, Mazar, Herat, and Jalalabad. NEI staff sells product and educates consumers about the health benefits of soy foods.

In addition to these stores, NEI utilizes portable kiosks in several provinces to sell protein-rich soy foods. With lower overhead costs and location flexibility, the kiosks enable us to reach even more consumers.

## Soy Naan

Naan bread, although a popular and filling food in the Afghan diet, is not very nutritious. However, replacing only 10% of wheat flour with soy flour in naan, increases the absorbable protein by 90% while providing the essential vitamins and minerals necessary for healthy bone and muscle development. In 2015, NEI partnered with 183 bakeries in Kabul, Herat, Mazar, Nangarhar, and Parwan to sell protein-rich soy naan. These bakeries also received Nutriana-branded store signage and shopping bags to help spread awareness of soy naan.

NEI also performed market research in October to confirm consumer interest in soy naan. A large-scale research study was conducted in Kabul and Mazar. This study showed:

- 86% of consumers rate soy naan as equal to, or better than, traditional wheat naan.
- 80% of consumers say that soy naan is more nutritious than wheat naan.
- 72% of consumers have purchased soy naan in the past, while 90% of consumers intend to purchase soy naan in the future.



## Gender Program

Women are included into NEI’s programs in a number of significant ways. In 2015, 591 female farmers participated in NEI’s agriculture program. They received training, soybean seeds, and fertilizer to help them become self-sufficient providers for their families.

The Women’s Grassroots Program trained 150 village women on soy health, nutrition, and home cooking. Using the Train-the-Trainer model the women trained 3,000 of their female neighbors and gave out 10 MT of soybean and soy flour to needy households in their villages. A total 3,150 households benefited from training and 31,500 kilograms of food distributed.

## Humanitarian Aid: Soy Food Distribution Program

Since 2006, over 1.7 million vulnerable women and children have received soy milk, naan bread made with soy flour, and soy cookies. This program has benefited women and children from internally displaced camps, visually impaired schools, public elementary schools in poor areas, orphanages, and hospitals. In 2015, NEI provided 244,500 servings of soy naan bread, soy cookies, and soy milk to schools and orphanages in Kabul, Badakshan, and Herat provinces

Product	Herat	Badakshan	Kabul
Soy milk servings (.2 liters)	144,675	38,000	13,937
Naan Bread	-	28,500	-
Soy Cookies	-	-	18,310

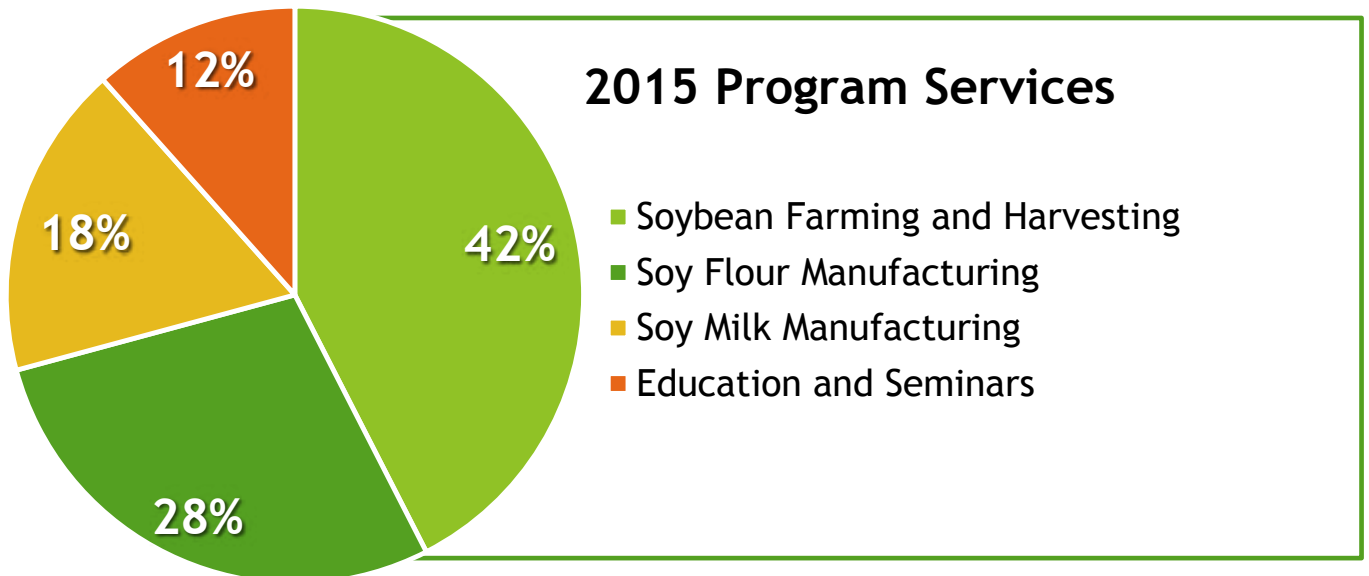
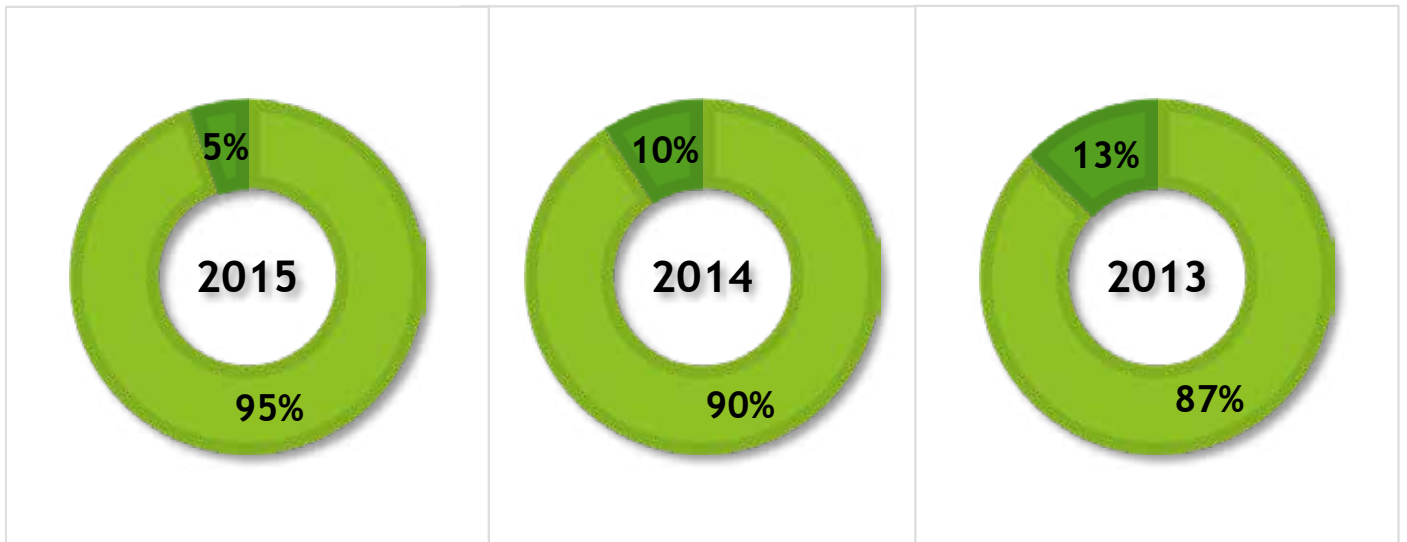




## Functional Expenses

	2015	2014	2013
<b>Program Services</b>			
Soybean Farming and Harvesting	\$ 2,104,343	\$ 1,255,307	\$ 1,165,915
Soy Flour Manufacturing	1,403,234	649,378	196,264
Soy Milk Manufacturing	872,420	112,480	14,157
Education and Seminars	574,550	659,849	95,238
Total Program Services	4,954,547	2,677,014	1,471,574
<b>Supporting Services</b>			
Management and General	277,157	271,991	217,367
Total Functional Expenses	\$ 5,231,704	\$ 2,949,005	\$ 1,688,941

### Program Services and Supporting Services





## Der Vartanian & Associates, Accountancy Corporation

Certified Public Accountants

License # COR 4982

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### INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Nutrition and Education International

We have audited the accompanying financial statements of Nutrition and Education International (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### 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 auditing standards generally accepted in the United States of America. Those standards require that we 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by 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 referred to above present fairly, in all material respects, the financial position of Nutrition and Education International as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Der Vartanian & Associates, Accountancy Corporation

Los Angeles, CA  
June 30, 2016

**Nutrition and Education International**  
**Statement of Financial Position**  
**December 31, 2015**

<b>Assets</b>	
Cash (Note 1)	\$ 158,883
Inventory (Note 9)	175,321
Prepaid expenses	<u>123,379</u>
Total current assets	457,583
Equipment and furniture (net of \$785,469 of accumulated depreciation) (Note 2)	<u>2,110,454</u>
<b>Total assets</b>	<b>\$ <u><u>2,568,037</u></u></b>
<b>Liabilities</b>	
Accounts payable and accrued expenses	\$ 118,438
Payroll and related liabilities	131,333
Other Current Liability (Awards)	<u>70,000</u>
Total current liabilities	<u>319,771</u>
<b>Total liabilities</b>	<b><u>319,771</u></b>
<b>Net assets</b>	
Unrestricted (Note 1)	344,941
Permanently Restricted (Note 1,7)	<u>1,903,325</u>
<b>Total unrestricted/restricted net assets</b>	<b><u>2,248,266</u></b>
<b>Total liabilities and unrestricted/restricted net assets</b>	<b>\$ <u><u>2,568,037</u></u></b>

The accompanying notes are an integral part of these financial statements.

**Nutrition and Education International**  
**Statement of Activities**  
**For the Year Ended December 31, 2015**

**Revenue**

Contributions	\$ 5,214,636
Contributed services (Note 1, 4)	208,854
Other	<u>125,382</u>
<b>Total revenue</b>	<u>5,548,872</u>

Program services

Soybean farming and harvesting	2,104,343
Soy flour manufacturing	1,403,234
Soy milk manufacturing	872,420
Education and seminars	<u>574,550</u>
Total program services	4,954,547

Supporting services

Management and general	<u>277,157</u>
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<b>Total functional expenses</b>	<u>5,231,704</u>
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<b>Increase in unrestricted/restricted net assets</b>	317,168
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Unrestricted/restricted net assets, beginning of year	<u>1,931,098</u>
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<b>Unrestricted/restricted net assets, end of year</b>	<u>\$ 2,248,266</u>
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The accompanying notes are an integral part of these financial statements.

# Nutrition and Education International

## Statement of Functional Expenses

### For the Year Ended December 31, 2015

Expenses	Program Services					Management and General	Total Expenses
	Soybean Farming & Harvesting	Soy Flour Manufacturing	Soy Milk Manufacturing	Education and Seminars			
Auto expenses	\$ 56,470	\$ -	\$ -	\$ -	\$ -	\$ 308	\$ 113,600
Bank and Currency Exchange	-	-	-	-	-	207	207
Conferences and Seminars	47,590	57,108	-	85,662	-	3,634	190,360
Computer Supplies & software	-	-	-	-	-	-	3,634
Depreciation	-	259,732	43,089	-	-	-	302,821
Farming & manufacturing	180,277	436,194	194,585	-	-	-	811,056
Fertilizer	328,222	-	-	-	-	-	328,222
Interest	-	-	-	-	-	251	251
Management & tech services	288,111	36,670	401,934	250,232	36,361	1,013,308	1,013,308
Marketing and fundraising	33,306	331,720	14,715	58,413	4,758	4,758	442,912
Miscellaneous	-	-	-	1,093	8,538	9,631	9,631
Office expenses	-	8	-	1,328	31,047	32,383	32,383
Outside services	163,439	-	-	18,504	-	-	181,943
Payroll expenses	108,759	45,975	46,835	25,489	152,515	379,573	379,573
Professional fees	-	-	11,004	74,279	6,420	91,703	91,703
Rent	11,781	75,454	6,288	3,971	16,547	114,041	114,041
Repairs & maintenance	6,691	19,775	59,611	-	-	-	86,077
Seed	493,696	-	-	-	-	-	493,696
Shipping-farming	100,050	6,194	42,878	-	-	-	149,122
Stipends	-	-	-	-	-	1,024	1,024
Taxes, licenses and insurance	71,817	15,325	8,265	1,341	5,782	3,583	102,530
Telephone	-	-	-	-	-	-	3,583
Training	145,026	65,921	39,552	13,184	-	-	263,683
Travel	69,108	-	-	41,054	6,182	-	116,344
<b>Total expenses</b>	<b>\$ 2,104,343</b>	<b>\$ 1,403,234</b>	<b>\$ 872,420</b>	<b>\$ 574,550</b>	<b>\$ 277,157</b>	<b>\$ 5,231,704</b>	

The accompanying notes are an integral part of these financial statements.

**Nutrition and Education International**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2015**

<b>Cash flows from operating activities</b>	
Increase in unrestricted/restricted net assets	\$ 317,168
Adjustments to change in unrestricted/restricted net	
Depreciation	302,821
(Increase) decrease in:	
Inventory	283,469
Prepaid expenses	6,326
Increase (decrease) in:	
Accounts payable and accrued expenses	<u>137,260</u>
<b>Net cash provided by operating activities</b>	<u>1,047,044</u>
<b>Cash flows used in investing activities</b>	
Acquisition of fixed assets	<u>(1,680,482)</u>
<b>Net cash used in investing activities</b>	<u>(1,680,482)</u>
<b>Cash flows from financing activities</b>	
Proceeds from other payable (awards)	<u>70,000</u>
<b>Net cash from financing activities</b>	<u>70,000</u>
<b>Net decrease in cash</b>	(563,438)
<b>Cash as of beginning of year</b>	<u>722,321</u>
<b>Cash equivalents as of end of year</b>	\$ <u><u>158,883</u></u>

The accompanying notes are an integral part of these financial statements.

# Directors

## HONORARY BOARD OF DIRECTORS

The Honorable Robert C. McFarlane,  
*Chairman, McFarlane & Associates; Arlington, VA*

## BOARD OF DIRECTORS

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*Noxell Professor & Chairman, Department of Dermatology, Johns Hopkins School of Medicine, Baltimore, MD*

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*Attorney, Anderson, Armenta & Associates*

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