

**THE TIBET FUND**  
**FINANCIAL STATEMENTS**  
**AND AUDITOR'S REPORTS**  
**DECEMBER 31, 2015**

**THE TIBET FUND**

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LOEB & TROPER LLP

**Independent Auditor's Report on Financial Statements  
and Supplementary Information**

**Board of Trustees  
The Tibet Fund**

***Report on the Financial Statements***

We have audited the accompanying financial statements of The Tibet Fund, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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***

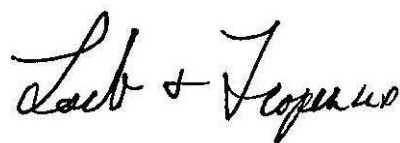
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Tibet Fund as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2016 on our consideration of The Tibet Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Tibet Fund's internal control over financial reporting and compliance.



July 15, 2016, except for Schedule 1,  
as to which the date is September 30, 2016

## THE TIBET FUND

## STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2015

(With Summarized Financial Information  
for December 31, 2014)

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents		
Unrestricted	\$ 1,303,645	\$ 1,179,043
Donor restricted	<u>1,183,730</u>	<u>1,002,823</u>
Investments (Note 3)	2,094,421	2,115,749
Prepaid expenses and other assets	602,714	438,293
Loan receivable (Note 7)	1,500,000	1,500,000
Fixed assets - net (Note 4)	<u>691,476</u>	<u>474,518</u>
Total assets	<u>\$ 7,375,986</u>	<u>\$ 6,710,426</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 37,431	\$ 45,971
Refundable advances (Note 2)	<u>602,508</u>	<u>469,871</u>
Total liabilities	<u>639,939</u>	<u>515,842</u>
Net assets (Exhibit B)		
Unrestricted	5,552,317	5,191,761
Temporarily restricted (Note 5)	<u>1,183,730</u>	<u>1,002,823</u>
Total net assets	<u>6,736,047</u>	<u>6,194,584</u>
Total liabilities and net assets	<u>\$ 7,375,986</u>	<u>\$ 6,710,426</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**THE TIBET FUND**

**EXHIBIT B**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2015**  
**(With Summarized Financial Information**  
**for the Year Ended December 31, 2014)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2015</u>	<u>2014</u>
Revenues, gains and other support				
Public support and revenues				
U.S. Federal grants	\$ 4,702,923		\$ 4,702,923	\$ 4,600,032
Special events	508,639		508,639	435,632
Less direct expenses of special events	(60,947)		(60,947)	(46,032)
Contributions	333,387	\$ 1,240,194	1,573,581	1,046,027
Total public support and revenues	<u>5,484,002</u>	<u>1,240,194</u>	<u>6,724,196</u>	<u>6,035,659</u>
Other revenues and gains (losses)				
Interest and dividends	84,196		84,196	73,437
Realized and unrealized gain (loss) on investments - net	(152,803)		(152,803)	108,639
Rental income (Note 2)				14,370
Miscellaneous income	619		619	24
Total other revenues and gains (losses)	<u>(67,988)</u>		<u>(67,988)</u>	<u>196,470</u>
Net assets released from restrictions (Note 5)	<u>1,059,287</u>	<u>(1,059,287)</u>		
Total revenues, gains and other support	<u>6,475,301</u>	<u>180,907</u>	<u>6,656,208</u>	<u>6,232,129</u>

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**THE TIBET FUND****EXHIBIT B****-2-****STATEMENT OF ACTIVITIES****YEAR ENDED DECEMBER 31, 2015**  
**(With Summarized Financial Information**  
**for the Year Ended December 31, 2014)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2015</u>	<u>2014</u>
Expenses (Exhibit C)				
Program services				
Humanitarian assistance	\$ 3,818,532		\$ 3,818,532	\$ 3,910,173
Education and scholarship	1,055,718		1,055,718	1,058,400
Cultural and religious preservation	256,094		256,094	161,940
Economic and community development	124,450		124,450	123,953
TAP	49,287		49,287	34,976
Health care	277,177		277,177	306,252
Total program services	<u>5,581,258</u>		<u>5,581,258</u>	<u>5,595,694</u>
Supporting services				
Management and general	449,703		449,703	167,383
Fund raising	83,784		83,784	127,219
Total supporting services	<u>533,487</u>		<u>533,487</u>	<u>294,602</u>
Total expenses	<u>6,114,745</u>		<u>6,114,745</u>	<u>5,890,296</u>
Change in net assets (Exhibit D)	360,556	\$ 180,907	541,463	341,833
Net assets - beginning of year	<u>5,191,761</u>	<u>1,002,823</u>	<u>6,194,584</u>	<u>5,852,751</u>
Net assets - end of year (Exhibit A)	<u>\$ 5,552,317</u>	<u>\$ 1,183,730</u>	<u>\$ 6,736,047</u>	<u>\$ 6,194,584</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.



## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2015  
(With Summarized Financial Information  
for the Year Ended December 31, 2014)

	Program Services						Supporting Services				Total	
	Humanitarian Assistance	Education and Scholarship	Cultural and Religious Preservation	Economic and Community Development	TAP	Health Care	Management and General	Fund Raising	Special Events	Total	2015	2014
Salaries	\$ 5,723	\$ 66,364			\$ 32,479	\$ 65,818	\$ 170,384	\$ 214,721	\$ 56,516	\$ 271,237	\$ 441,621	\$ 426,574
Fringe benefits and payroll taxes	681	6,558			9,496	7,829	24,564	67,769	16,899	84,668	109,232	100,230
Total salaries and related expenses	6,404	72,922			41,975	73,647	194,948	282,490	73,415	355,905	550,853	526,804
Grants and contributions	3,801,553	258,407	\$ 250,657	\$ 118,119	3,653	180,445	4,612,834				4,612,834	4,483,913
Student support		712,763					712,763				712,763	675,479
Professional fees	1,476	1,476	1,476	1,476	885	13,689	20,478	48,046	4,003	52,049	72,527	69,074
Office expenses	646	816	646	646	646	646	4,046	9,396		9,396	13,442	4,857
Telephone	388	775	155	387	775	232	2,712	5,035		5,035	7,747	4,874
Postage and shipping	167	250	167	167		584	1,335	4,506	2,503	7,009	8,344	7,280
Occupancy	676	676	541	811	541	811	4,056	22,986		22,986	27,042	27,632
Insurance	117	156	117	235	78	156	859	6,960		6,960	7,819	8,294
Printing	90	120	60	90	179	120	659	2,869	2,451	5,320	5,979	6,490
Travel and lodging	6,045	6,277	1,720	1,162		6,045	21,249	699	1,302	2,001	23,250	24,740
Meals and entertainment	137	247		247		247	878	1,751	110	1,861	2,739	1,951
Investment expense								26,268		26,268	26,268	28,417
Equipment and information technology	833	833	555	1,110	555	555	4,441	1,109		1,109	5,550	309
Catering and facilities									\$ 60,947	60,947	60,947	46,032
Depreciation								27,840		27,840	27,840	20,012
Miscellaneous								9,748		9,748	9,748	170
Total expenses	3,818,532	1,055,718	256,094	124,450	49,287	277,177	5,581,258	449,703	83,784	60,947	594,434	6,175,692
Less expenses deducted directly from revenues on the statement of activities										(60,947)	(60,947)	(46,032)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 3,818,532	\$ 1,055,718	\$ 256,094	\$ 124,450	\$ 49,287	\$ 277,177	\$ 5,581,258	\$ 449,703	\$ 83,784	\$ -	\$ 533,487	\$ 5,890,296

See independent auditor's report.

The accompanying notes are an integral part of these statements.

## THE TIBET FUND

## STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ 541,463	\$ 341,833
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net unrealized and realized loss (gain) on investments	152,803	(108,639)
Depreciation	27,840	20,012
Decrease (increase) in assets		
Prepaid expenses and other assets	(164,421)	143,056
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(8,540)	(44,902)
Refundable advances	132,637	(108,661)
	<u>681,782</u>	<u>242,699</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of investments	(2,011,393)	(2,643,396)
Proceeds from maturity and sales of investments	1,879,918	2,455,414
Loan made		(1,500,000)
Fixed asset acquisitions	(244,798)	(15,196)
	<u>(376,273)</u>	<u>(1,703,178)</u>
Net cash used by investing activities		
Net change in cash and cash equivalents	305,509	(1,460,479)
Cash and cash equivalents - beginning of year	<u>2,181,866</u>	<u>3,642,345</u>
Cash and cash equivalents - end of year	<u>\$ 2,487,375</u>	<u>\$ 2,181,866</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

# THE TIBET FUND

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

### NOTE 1 - NATURE OF ORGANIZATION

The Tibet Fund (the “Fund”), a nonprofit tax-exempt organization, provides a reliable and effective way for donors in North America and internationally to aid the 120,000 Tibetan refugees living in India, Nepal, and Bhutan and thousands of disadvantaged Tibetans in Tibet. Since its formation in 1981, the Fund has supported a myriad of institutions and programs, with an emphasis on education, health, economic and community development, and religious and cultural training as a means to sustain the Tibetan way of life, language, traditions, and identity. The Fund receives the majority of its revenues from U.S. Federal grants, foundations and individual donors. The following primary programs and supporting services are included in the accompanying financial statements:

#### **Humanitarian Assistance**

The Fund supports rehabilitation and resettlement programs and services for newly arrived refugees fleeing from Tibet each year. This assistance includes temporary shelter, medical care, food and clothing, and placement in schools, traditional learning centers and elder homes. To ensure long-term sustainability of the refugee community, the Fund supports schools for refugee children, health care, and vocational and professional skills training. The Fund seeks sponsorships for destitute children and the elderly and provides emergency relief from natural disasters affecting Tibetans in exile and in Tibet.

#### **Education and Scholarship**

Since 1988, the Fund has administered yearly grants from the United States Department of State, Bureau of Educational and Cultural Affairs for the Tibetan Scholarship Program, which enables Tibetan refugee students and scholars to earn Master’s degrees and one-year certificates at colleges and universities in the United States. The Fund also supports a professional scholarship fund for Tibetans enrolled in post-graduate degree programs in India and Nepal, and supports higher education scholarships in Tibet to enable impoverished Tibetans to secure their economic futures. As of 2012, the Fund began administering grants from the United States Agency of International Development, USAID/India for the Tibet Education Project (TEP) to strengthen the Tibetan education system in innovative, replicable ways that equip young Tibetans to succeed in modern professions, become strong and visionary leaders, and thrive in the global economy while sustaining their unique identity and culture.

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**THE TIBET FUND****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015****NOTE 1 - NATURE OF ORGANIZATION (continued)****Cultural and Religious Preservation**

The Fund works to sustain the distinct religious and cultural traditions of the Tibetan people by supporting Tibetan arts and cultural organizations, library, media, film and publishing projects, and programs that promote Tibetans' religious, cultural and human rights aims. In addition, the Fund facilitates sponsorships for students in traditional learning centers located in the refugee settlements in India and Nepal.

**Economic and Community Development**

The long-term survival of Tibetan identity and way of life depends upon a vibrant and cohesive refugee settlement system. The Fund supports a wide range of programs that strengthen community and human resources, including economic and cooperative development; employment generation; and vocational and professional training; housing; infrastructure and communal buildings; organic agriculture; and renewable energy projects.

**Tibet Assistance Program (TAP)**

In Tibet, under its Tibet Assistance Program, the Fund supports grass-roots organizations that treat and prevent blindness, house and educate orphans, provide relief from natural disasters and promote long-term economic and community development.

**Health Care**

The Fund supports health care and sanitation programs for newly arrived refugees and tens of thousands of long-term residents in the Tibetan settlements and scattered communities in India, Nepal, and Bhutan. These programs include TB and HepB control and treatment, leprosy and disabled services, maternal and child health, water and sanitation infrastructure, rainwater harvesting, essential drugs, medical equipment, professional skills training for health workers and public health training on topics such as HIV/AIDS and substance abuse, and the development of a Health Information System.

The Tibet Fund is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of accounting*** - The financial statements are prepared on the accrual basis of accounting.

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**THE TIBET FUND****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Use of estimates* - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Cash and cash equivalents* - Cash and cash equivalents include highly liquid investments with initial maturities, when acquired, of three months or less.

*Investments* - Investments are recorded at fair value. The Fund invests in various types of investment securities. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in the Fund's financial statements.

*Fixed assets* - Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The Fund capitalizes items with a cost in excess of \$500 with an estimated useful life of greater than one year.

*Prepaid expenses and other assets* - Prepaid expenses and other assets include advances given to subcontractors in conjunction with the work funded by governmental grants.

*Allowance for doubtful accounts* - Management has determined that no allowance for uncollectible accounts for loan receivable is necessary as of December 31, 2015. Such estimate is based on management's assessment of the current economic conditions and compliance with the loan agreement.

*Net assets* - Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors. Temporarily restricted net assets are those net assets whose use has been limited by donors to a specific time period or purpose.

*Contributions* - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as temporarily restricted or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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**THE TIBET FUND****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Government grants and refundable advances*** - Revenues from government grants are recognized when earned. Expense-based grants are recognized as allowable expenses are incurred. Revenues from government contracts are subject to audit and negotiations between the Fund and the government agencies. Management is of the opinion that final settlement of current-year contracts will not have a material effect on the financial statements. Unexpended receipts at the end of the year are reflected as refundable advances.

***Rental income*** - Rental income is recognized based on monthly charges. No formal lease exists.

***Grants and contributions expense*** - Grants and contributions expense is recorded when awarded.

***Student support*** - The Fund provides support to students based on need and merit and is recorded when approved.

***Operating leases*** - Operating leases are recorded on the straight-line method over the term of the lease. Deferred assets and liabilities are recorded when material.

***Functional reporting*** - The costs of providing the Fund's programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***Prior-year summarized information*** - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

***Fair Value Measurements***

***Fair Value Measurements*** establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Fund has the ability to access. Level 2 inputs to the valuation methodology include:

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**THE TIBET FUND****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2015****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*****Fair Value Measurements (continued)***

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015 as compared to those used at December 31, 2014.

***Equity securities*** - Valued at the closing price reported on the active market on which the individual securities are traded.

***Bonds*** - Valued using pricing models maximizing the used observable inputs for similar securities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Fund believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

See Note 3 for the table that sets forth by level, within the fair value hierarchy, the assets at fair value as of December 31, 2015.

***Reclassification*** - The 2014 government agencies receivable were reclassified to prepaid expenses and other assets to conform with current year presentation.

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**THE TIBET FUND**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Uncertainty in income taxes* - The Fund has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending December 31, 2012 and subsequent remain subject to examination by applicable taxing authorities.

*Subsequent events* - Subsequent events have been evaluated through July 15, 2016, which is the date the financial statements were available to be issued.

**NOTE 3 - INVESTMENTS**

The following are investments held at December 31, 2015 by fair value level:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Equities			
Basic materials	\$ 73,842		\$ 73,842
Consumer foods	63,489		63,489
Financial	223,121		223,121
Healthcare	161,570		161,570
Industrial goods	131,444		131,444
Services	266,815		266,815
Technology	144,315		144,315
Bonds			
Corporate		\$ 577,068	577,068
U.S. Federal agency		207,257	207,257
Municipal		51,367	51,367
Foreign		49,183	49,183
	<u>                    </u>	<u>                    </u>	
Total investments reported on the fair value hierarchy	\$ <u>1,064,596</u>	\$ <u>884,875</u>	1,949,471
Cash and cash equivalents			<u>144,950</u>
Total investments			\$ <u>2,094,421</u>

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**THE TIBET FUND**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**NOTE 4 - FIXED ASSETS**

		<u>Estimated Useful Lives</u>
Land	\$ 165,000	
Building and improvements	951,136	30-40 years
Equipment, furniture and fixtures	<u>38,954</u>	5-7 years
	1,155,090	
Accumulated depreciation	<u>(463,614)</u>	
	<u>\$ 691,476</u>	

**NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

Economic and community development program	\$ 274,690
Cultural and religious preservation	260,498
Education and scholarship program	178,377
Health care program	426,036
TAP program	<u>44,129</u>
	<u>\$ 1,183,730</u>

Temporarily restricted net assets were released from restrictions by incurring expenses satisfying the following:

Economic and community development program	\$ 231,181
Cultural and religious preservation	250,657
Education and scholarship program	400,045
Health care program	173,751
TAP program	<u>3,653</u>
	<u>\$ 1,059,287</u>

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**THE TIBET FUND**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**

**NOTE 6 - OPERATING LEASES**

The Fund leases office space in Washington D.C. from The Tibetan Community Development Fund, Inc. (The Office of Tibet) under a cancellable operating lease. Lease expense is recorded based on the signed lease agreement. The lease terminates in 2043. The rent expense for the year was \$15,000 which is offset by interest income of equal amount (Note 7). The commitment under this lease is as follows:

2016	\$ 15,000
2017	15,000
2018	15,000
2019	15,000
2020	15,000
Thereafter	<u>335,000</u>
Total	<u>\$ 410,000</u>

**NOTE 7 - LOAN RECEIVABLE**

On March 31, 2014 the Fund entered into a \$1,500,000 Loan Agreement with The Office of Tibet to purchase a building that will then be partially subleased by the Fund (Note 6). The loan is partially collateralized by a lease agreement between the Fund and The Office of Tibet in an aggregate amount of \$425,000. The loan matures on March 31, 2043 at which point the balloon payment of \$1,500,000 will be due. The interest rate is 1% and the interest income for the year ended December 31, 2015 was \$15,000. The amount outstanding as of December 31, 2014 is \$1,500,000.

**NOTE 8 - CONCENTRATIONS**

Financial instruments which potentially subject the Fund to a concentration of credit risk are cash accounts with financial institutions in excess of FDIC insurance limits.

THE TIBET FUND

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2015

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Grant Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of State Overseas Refugee Assistance Program for Near East and South Asia	19.519	SPRMCO-14-CA-1168 SPRMCO-15-CA-1151 SPRMCO-15-CA-1166	\$ 1,901,908 922,461 13,035
Total Overseas Refugee Assistance Program for Near East and South Asia			<u>2,837,404</u>
Academic Exchange Programs - Special Academic Exchange Programs	19.011	S-ECAGD-13-CA-0009 S-ECAGD-14-CA-1033 S-ECAGD-15-CA-1013 S-ECAGD-16-CA-1026	20,000 118,361 388,505 80,541
Total Academic Exchange Programs - Special Academic Exchange Programs			<u>607,407</u>
International Programs to Support Democracy Human Rights and Labor	19.345	S-LMAQM-13-GR-1030	<u>447,361</u>
Total International Programs to Support Democracy Human Rights and Labor			<u>447,361</u>
Total U.S. Department of State			<u>3,892,172</u>
U.S. Agency for International Development USAID Foreign Assistance for Programs Overseas	98.001	AID-386-A-12-00007 AID-OAA-A-15-00013	217,238 593,512
Total U.S. Agency for International Development			<u>810,750</u>
Total expenditures of federal awards			<u>\$ 4,702,922</u>

See independent auditor's report.

The accompanying notes are an integral part of this schedule.

## **THE TIBET FUND**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED DECEMBER 31, 2015** Hernandez, Elizabeth

#### **NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of The Tibet Fund under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The Tibet Fund, it is not intended to and does not present the financial position, changes in net assets or cash flows of The Tibet Fund.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

#### **NOTE 3 - INDIRECT COST RATE**

The Tibet Fund has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

#### **NOTE 4 - SUBRECIPIENTS**

There were no payments made to subrecipients for federal awards received during the year ended December 31, 2015.



**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based  
on an Audit of Financial Statements Performed  
in Accordance with Government Auditing Standards**

Independent Auditor's Report

**Board of Trustees  
The Tibet Fund**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Tibet Fund, 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, and have issued our report thereon dated July 15, 2016.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered The Tibet Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Tibet Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of The Tibet Fund's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

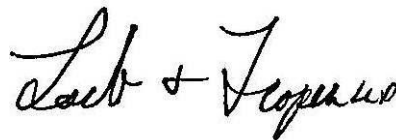
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether The Tibet Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



July 15, 2016



**Report on Compliance for Each Major  
Federal Program; Report on Internal Control  
Over Compliance Required by the Uniform Guidance**

Independent Auditor's Report

**Board of Trustees  
The Tibet Fund**

***Report on Compliance for Each Major Federal Program***

We have audited The Tibet Fund's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of The Tibet Fund's major federal programs for the year ended December 31, 2015. The Tibet Fund's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of The Tibet Fund's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Tibet Fund's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Tibet Fund's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, The Tibet Fund complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

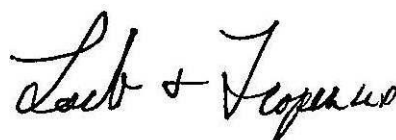
### ***Report on Internal Control Over Compliance***

Management of The Tibet Fund is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Tibet Fund's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Tibet Fund's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.







**THE TIBET FUND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2015**

**Section II - Financial Statement Findings**

No matters were reported.

**Section III - Federal Award Findings and Questioned Costs**

No matters were reported.