

The Tibet Fund

Independent Auditor's Report and Financial Statements

December 31, 2018



The Tibet Fund
December 31, 2018

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Independent Auditor's Report

Board of Trustees
The Tibet Fund
New York, New York

We have audited the accompanying financial statements of The Tibet Fund which comprise the statement of financial position as of December 31, 2018, 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 The Tibet Fund as of December 31, 2018, 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.

Emphasis of Matters

As discussed in *Note 1* to the financial statements, in 2018, The Tibet Fund adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

As discussed in *Note 13*, the 2017 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Prior Year Audited by Other Auditors and Summarized Comparative Information

The 2017 financial statements were audited by other auditors, and their report thereon, dated July 15, 2018, expressed an unmodified opinion. As discussed in *Notes 1* and *13* to the financial statements, The Tibet Fund has adjusted its summarized comparative information presented herein as of and for the year ended December 31, 2017 to retrospectively apply the adoption of ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* and to correct misstatements. Other than for the effects of retrospectively applying these changes, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent with the audited financial statements from which it has been derived.

BKD, LLP

New York, New York
September 19, 2019

The Tibet Fund
Statements of Financial Position
December 31, 2018
(With Summarized Financial Information for December 31, 2017)

	2018	2017 (Restated Note 13)
Assets		
Cash and cash equivalents		
Unrestricted	\$ 562,689	\$ 666,776
Donor restricted	-	1,520,344
Investments		
Unrestricted	3,753,012	3,660,589
Donor restricted	1,096,327	-
Grants receivable	154,823	953,574
Prepaid expenses and other assets	191,097	83,270
Loans receivable	950,000	1,700,000
Fixed assets - net	615,310	644,385
Total assets	\$ 7,323,258	\$ 9,228,938
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 154,466	\$ 258,518
Deferred grant revenue	30,574	-
Due to subrecipients	223,089	786,639
Total liabilities	408,129	1,045,157
Net Assets		
Without donor restrictions	5,818,802	6,663,437
With donor restrictions	1,096,327	1,520,344
Total net assets	6,915,129	8,183,781
Total liabilities and net assets	\$ 7,323,258	\$ 9,228,938

The Tibet Fund
Statements of Activities
Year Ended December 31, 2018
(With Summarized Financial Information for the Year Ended December 31, 2017)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			2018	2017
Revenues, Gains and Other Support				
Public support and revenues				
U.S. federal grants	\$ 8,488,674	\$ -	\$ 8,488,674	\$ 8,876,422
Special events	515,378	-	515,378	481,510
Less direct expenses of special events	(48,764)	-	(48,764)	(56,175)
Contributions	230,919	841,260	1,072,179	1,280,984
	<u>9,186,207</u>	<u>841,260</u>	<u>10,027,467</u>	<u>10,582,741</u>
Total public support and revenues				
Other revenues and gains (losses)				
Investment income (loss)	(102,878)	-	(102,878)	252,942
Rental income	137,145	-	137,145	133,909
Miscellaneous income	60	-	60	3,463
	<u>34,327</u>	<u>-</u>	<u>34,327</u>	<u>390,314</u>
Total other revenues and gains (losses)				
Net assets released from restrictions	<u>1,265,277</u>	<u>(1,265,277)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>10,485,811</u>	<u>(424,017)</u>	<u>10,061,794</u>	<u>10,973,055</u>

The Tibet Fund
Statements of Activities (Continued)
Year Ended December 31, 2018
(With Summarized Financial Information for the Year Ended December 31, 2017)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			2018	2017
Expenses				
Program services				
Humanitarian assistance	\$ 1,953,309	\$ -	\$ 1,953,309	\$ 2,740,391
Education and scholarship	1,221,193	-	1,221,193	1,666,103
Cultural and religious preservation	556,392	-	556,392	559,580
Economic and community development	5,729,270	-	5,729,270	3,993,252
Health care	1,158,611	-	1,158,611	1,013,322
Total program services	<u>10,618,775</u>	<u>-</u>	<u>10,618,775</u>	<u>9,972,648</u>
Supporting services				
Management and general	633,091	-	633,091	782,987
Fund raising	78,580	-	78,580	120,871
Total supporting services	<u>711,671</u>	<u>-</u>	<u>711,671</u>	<u>903,858</u>
Total expenses	<u>11,330,446</u>	<u>-</u>	<u>11,330,446</u>	<u>10,876,506</u>
Change in Net Assets	(844,635)	(424,017)	(1,268,652)	96,549
Net Assets, Beginning of Year	<u>6,663,437</u>	<u>1,520,344</u>	<u>8,183,781</u>	<u>8,087,232</u>
Net Assets, End of Year	<u>\$ 5,818,802</u>	<u>\$ 1,096,327</u>	<u>\$ 6,915,129</u>	<u>\$ 8,183,781</u>

The Tibet Fund
Statements of Functional Expenses
Year Ended December 31, 2018
(With Summarized Financial Information for the Year Ended December 31, 2017)

	Program Services					Total
	Humanitarian Assistance	Education and Scholarship	Cultural and Religious Preservation	Economic and Community Development	Health Care	
Salaries	\$ 11,078	\$ 32,629	\$ 5,014	\$ 19,697	\$ 20,855	\$ 89,273
Fringe benefits and payroll taxes	2,473	5,748	1,109	3,189	3,377	15,896
Total salaries and related expenses	13,551	38,377	6,123	22,886	24,232	105,169
Grants and contributions	1,925,105	335,470	544,034	4,949,752	1,119,370	8,873,731
Forgiveness of loan	-	-	-	750,000	-	750,000
Student support	-	831,642	-	-	-	831,642
Professional fees	1,470	1,470	1,470	1,470	1,470	7,350
Office expenses	143	143	143	143	143	715
Telephone	357	713	143	357	214	1,784
Postage and shipping	92	138	92	92	322	736
Occupancy	945	945	756	1,134	1,134	4,914
Insurance	153	204	153	306	204	1,020
Printing	105	140	70	105	140	560
Travel and lodging	10,732	11,145	3,096	2,064	10,732	37,769
Meals and entertainment	188	338	-	338	338	1,202
Training and conferences	-	-	-	-	-	-
Investment expense	-	-	-	-	-	-
Equipment and information technology	468	468	312	623	312	2,183
Catering and facilities	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total expenses	1,953,309	1,221,193	556,392	5,729,270	1,158,611	10,618,775
Less expenses deducted directly from revenues on the statement of activities	-	-	-	-	-	-
Total expenses reported by function on the statement of activities	<u>\$ 1,953,309</u>	<u>\$ 1,221,193</u>	<u>\$ 556,392</u>	<u>\$ 5,729,270</u>	<u>\$ 1,158,611</u>	<u>\$ 10,618,775</u>

The Tibet Fund
Statements of Functional Expenses
Year Ended December 31, 2018 (Continued)
(With Summarized Financial Information for the Year Ended December 31, 2017)

		Supporting Services				
Management and General	Fund Raising	Special Events	Total	Total		
				2018	2017	
\$ 340,995	\$ 51,431	\$ -	\$ 392,426	\$ 481,699	\$ 464,549	
115,406	16,398	-	131,804	147,700	456,278	
456,401	67,829	-	524,230	629,399	920,827	
-	-	-	-	8,873,731	8,804,927	
-	-	-	-	750,000	-	
-	-	-	-	831,642	901,838	
47,488	3,970	-	51,458	58,808	85,319	
2,138	-	-	2,138	2,853	2,897	
5,347	-	-	5,347	7,131	7,501	
2,481	1,378	-	3,859	4,595	4,998	
32,884	-	-	32,884	37,798	37,890	
9,167	-	-	9,167	10,187	10,233	
3,506	2,945	-	6,451	7,011	8,419	
1,237	2,270	-	3,507	41,276	29,049	
2,367	188	-	2,555	3,757	3,093	
2,699	-	-	2,699	2,699	1,732	
1,396	-	-	1,396	1,396	19,773	
934	-	-	934	3,117	10,867	
-	-	48,764	48,764	48,764	56,175	
29,075	-	-	29,075	29,075	27,143	
35,971	-	-	35,971	35,971	-	
633,091	78,580	48,764	760,435	11,379,210	10,932,681	
-	-	(48,764)	(48,764)	(48,764)	(56,175)	
<u>\$ 633,091</u>	<u>\$ 78,580</u>	<u>\$ -</u>	<u>\$ 711,671</u>	<u>\$ 11,330,446</u>	<u>\$ 10,876,506</u>	

The Tibet Fund
Statements of Cash Flows
Year Ended December 31, 2018
(With Summarized Financial Information for the Year Ended December 31, 2017)

	2018	2017 (Restated Note 13)
Operating Activities		
Change in net assets	\$ (1,268,652)	\$ 96,549
Items not requiring (providing) operating cash flows		
Net unrealized and realized loss (gain) on investments	195,599	(162,514)
Depreciation	29,075	27,143
Loans forgiven	750,000	-
Changes in		
Grants receivable	798,751	(824,933)
Prepaid expenses and other assets	(107,827)	478,134
Accounts payable and accrued expenses	(104,052)	202,528
Due to subrecipients	(563,550)	603,604
Refundable advances	30,574	(569,323)
	<u>(240,082)</u>	<u>(148,812)</u>
Net cash used in operating activities		
Investing Activities		
Purchase of investments	(2,395,070)	(3,615,383)
Proceeds from maturity and sales of investments	1,010,721	2,766,953
Fixed asset acquisitions	-	(2,930)
Loans issued	-	(200,000)
	<u>(1,384,349)</u>	<u>(1,051,360)</u>
Net cash used in investing activities		
Net Change in Cash and Cash Equivalents	(1,624,431)	(1,200,172)
Cash and Cash Equivalents, Beginning of Year	<u>2,187,120</u>	<u>3,387,292</u>
Cash and Cash Equivalents, End of Year	<u>\$ 562,689</u>	<u>\$ 2,187,120</u>
Supplemental Investing Cash Flows Information		
Loans forgiven	\$ 750,000	

The Tibet Fund

Notes to Financial Statements

December 31, 2018

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

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 myriad 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.

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.

The Tibet Fund

Notes to Financial Statements

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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.

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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Fund considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2018 and 2017, cash equivalents consisted primarily of money market accounts with brokers.

At December 31, 2018, the Fund's cash accounts exceeded federally insured limits by approximately \$1,100,000.

Investments and Net Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost or fair value at time of donation, if acquired by contribution.

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Notes to Financial Statements
December 31, 2018

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses.

Investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Grants Receivable

Grants receivable from government agencies are recorded when qualifying expenses are incurred. The Fund determines whether an allowance for uncollectibles should be provided for grants receivable. Such estimates are based on management's assessment of the aged basis of its receivables, current economic conditions, subsequent collections and historical information. Grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. As of December 31, 2018 and 2017, the Fund had no allowance for doubtful accounts.

Property and Equipment

Property and equipment acquisitions are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings	30-40 years
Equipment, furniture and fixtures	5-7 years

Long-Lived Asset Impairment

The Fund evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2018 and 2017.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

The Tibet Fund
Notes to Financial Statements
December 31, 2018

Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions

Contributions are provided to the Fund either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Fund overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Government Grants

Support funded by grants is recognized as the Fund meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Unexpended receipts at the end of the year are reflected as refundable advances.

The Tibet Fund

Notes to Financial Statements

December 31, 2018

Student Support

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

Income Taxes

The Fund is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Fund is subject to federal income tax on any unrelated business taxable income.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on salaries and other methods.

Change in Accounting Principle

In 2018, the Fund adopted ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. A summary of the changes is as follows:

Statement of Financial Position

- The statement of financial position distinguishes between two new classes of net assets—those with donor-imposed restrictions and those without. This is a change from the previously required three classes of net assets—unrestricted, temporarily restricted and permanently restricted.

Statement of Activities

- Expenses are reported by both nature and function in one location.

Notes to the Financial Statements

- Enhanced quantitative and qualitative disclosures provide additional information useful in assessing liquidity and cash flows available to meet operating expenses for one year from the date of the statement of financial position.

This change had no impact on previously reported total change in net assets.

Summarized Financial 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 Fund's financial statements for the year ended December 31, 2017 from which the summarized information was derived.

The Tibet Fund
Notes to Financial Statements
December 31, 2018

Note 2: Grant Reimbursements Receivable and Future Commitments

The Fund receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of the Fund are prepared on the accrual basis, all earned portions of the grants not yet received as of December 31, 2018, have been recorded as receivables. Following are the grant commitments that extend beyond December 31, 2018:

Grant	Term	Grant Amount	Earned Through 2018	Funding Available
SPRMC018CA0173 - Protection and Humanitarian Assistance for Tibetan Refugees in South Asia	9/24/18 - 7/31/19	\$ 2,700,000	\$ 597,369	\$ 2,102,631
S-ECAGD-18-CA-1013 - Tibetan Scholarship Program	1/17/18 - 9/30/20	650,000	558,341	91,659
S-ECAGD-19-CA-0049 - Tibetan Scholarship Program	12/21/18 - 9/30/21	650,000	150,642	499,358
AID-386-G-16-00001 - Program for Self-Reliance and Resilience of Tibetan Communities in South Asia	10/1/16 - 9/30/21	23,000,000	9,238,330	13,761,670
AID-OAA-A-15-00013 - Tibetan Health System Capacity strengthening Project	11/17/14 - 5/31/19	3,200,000	2,909,539	290,461
		<u>\$ 30,200,000</u>	<u>\$ 13,454,221</u>	<u>\$ 16,745,779</u>

Note 3: Property and Equipment

Property and equipment at December 31, 2018 and 2017 consists of:

	<u>2018</u>	<u>2017</u>
Land	\$ 165,000	\$ 165,000
Building and improvements	952,266	952,266
Equipment, furniture and fixtures	45,471	45,471
	1,162,737	1,162,737
Accumulated depreciation	<u>(547,427)</u>	<u>(518,352)</u>
	<u>\$ 615,310</u>	<u>\$ 644,385</u>

The Tibet Fund
Notes to Financial Statements
December 31, 2018

Note 4: Operating Leases

The Fund leases office space in Washington D.C. from The Tibetan Community Development Fund, Inc. (The Office of Tibet) under a cancelable operating lease. Lease expense is recorded based on the signed lease agreement. The lease terminates in 2043. The rent expense for the years ended December 31, 2018 and 2017 was \$7,500 and \$15,000, respectively, which is equal to the interest income related to the loan receivable (*Note 5*).

Future minimum lease payments at December 31, 2018, were:

2019	\$	7,500
2020		7,500
2021		7,500
2022		7,500
2023		7,500
Thereafter		<u>144,375</u>
Total	\$	<u>181,875</u>

Note 5: Rental Income – Operating Leases

The Fund leases office space to organizations, the terms of which are defined in lease agreements that came into effect January 1, 2016. The leases expire in 2020 and include the option for renewal.

Future minimum payments at December 31, 2018 were:

2019	\$	11,064
2020		11,396
2021		-
2022		-
2023		-
Thereafter		-

Cost and accumulated depreciation of leased assets are as follows:

	<u>2018</u>	<u>2017</u>
Cost of leased property	\$ 330,000	\$ 330,000
Accumulated depreciation	<u>(228,938)</u>	<u>(220,688)</u>
	<u>\$ 101,062</u>	<u>\$ 109,312</u>

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Notes to Financial Statements
December 31, 2018

Note 6: Loans Receivable

On March 31, 2014 the Fund entered into a \$1,500,000 Loan Agreement with The Office of Tibet to be used 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 \$435,000. The loan matures on March 31, 2043 at which point the balloon payment will be due. The interest rate is 1% and the interest income for the year ended December 31, 2018 was \$7,500. On March 20, 2018, the Fund agreed to forgive \$750,000 of the loan and convert this portion into a grant. The amount outstanding as of December 31, 2018 is \$750,000. The Board of Directors may convert the remaining balance of the loan into a grant in January 2021. This decision can be revoked. In conjunction with the amendment of the loan, the collateralization of the lease was amended to \$189,375.

On March 30, 2017, the Fund entered into a five-year \$200,000 interest-free loan agreement with The Tibetan Community of New York and New Jersey Inc. to provide financing for their Tibetan Community Hall. In 2018, the board amended the agreement to postpone payments until 2020. Payments due to the Fund are as follows:

2019	\$	-
2020		20,000
2021		20,000
2022		40,000
2023		40,000
Thereafter		<u>80,000</u>
Total	\$	<u>200,000</u>

Note 7: Pension

The Fund has a defined contribution pension plan covering substantially all employees. The Board of Directors annually determines the amount, if any, of the Fund's contributions to the plan. Pension expense was \$25,588 and \$319,371 for the years ended December 31, 2018 and 2017, respectively. Included in the amount for 2017 is \$294,670, approved by the Board of Directors, as payment to employees in lieu of pension benefits that would have accumulated if the Fund had operated since its inception. The payments are based on each employees' date of hire.

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Note 8: Net Assets With Donor Restrictions

Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31 are restricted for the following purposes or periods:

	<u>2018</u>	<u>2017</u>
Subject to expenditure for specified purpose		
Economic and community development program	\$ -	\$ 52,036
Cultural and religious preservation	884,018	1,122,372
Education and scholarship program	-	58,159
Health care program	168,316	246,491
TAP program	43,993	41,286
	<u>\$ 1,096,327</u>	<u>\$ 1,520,344</u>

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2018</u>	<u>2017</u>
Satisfaction or purpose restrictions		
Economic and community development program	\$ 152,747	\$ 186,673
Cultural and religious preservation	544,034	513,682
Education and scholarship program	379,110	395,211
Health care program	178,886	147,183
TAP program	10,500	5,000
	<u>\$ 1,265,277</u>	<u>\$ 1,247,749</u>

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Note 9: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018, comprise the following:

Cash	\$ 562,689
Investments	4,849,339
Grants receivable	<u>154,823</u>
 Total financial assets	 5,566,851
 Restricted funds	 <u>(1,096,327)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 4,470,524</u>

The Fund receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures.

As part of the Fund's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 10: Disclosures About Fair Value of Assets and Liabilities (Restated – Note13)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

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Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2018 and 2017:

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2018				
Assets				
Investments				
Mutual funds				
Money market	\$ 328,335	\$ 328,335	\$ -	\$ -
Domestic equities	1,062,443	1,062,443	-	-
Foreign equities	476,195	476,195	-	-
Fixed income	1,467,054	1,467,054	-	-
U.S. Treasury securities	299,174	-	299,174	-
Total investments reported on the fair value hierarchy	3,633,201	<u>\$ 3,334,027</u>	<u>\$ 299,174</u>	<u>\$ -</u>
Certificates of deposit	<u>1,216,138</u>			
Total investments	<u>\$ 4,849,339</u>			

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		<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobserv- able Inputs (Level 3)</u>
		<u>Total</u>		
December 31, 2017				
Assets				
Investments				
	Mutual funds			
	Money market	\$ 1,113,401	\$ 1,113,401	\$ -
	Domestic equities	410,555	410,555	-
	Foreign equities	169,301	169,301	-
	Fixed income	<u>1,436,111</u>	<u>1,436,111</u>	<u>-</u>
	Total investments	3,129,368	<u>\$ 3,129,368</u>	<u>\$ -</u>
Reported on the fair value hierarchy				
	Certificates of deposit	<u>531,221</u>		
	Total investments	<u>\$ 3,660,589</u>		

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2018 and 2017.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

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Note 11: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Revenues

For the years ended December 31, 2018 and 2017, 57% and 81%, respectively, of total revenues were paid to the Fund by one governmental agency.

Investments

The Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit 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 and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

Note 12: Subsequent Events

Subsequent events have been evaluated through September 19, 2019, which is the date the financial statements were available to be issued.

Note 13: Future Change in Accounting Principle

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2019, and any interim periods within annual reporting periods that begin after December 15, 2020. The Fund is evaluating the effect the standard will have on the financial statements; however, the standard is expected to have a material effect on the financial statements due to the recognition of additional assets and liabilities for operating leases.

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FASB Releases Not-for-Profit Accounting Standard for Grants and Contributions

ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, clarifies existing guidance on determining whether a transaction with a resource provider, *e.g.*, the receipt of funds under a government grant or contract, is a contribution or an exchange transaction. The guidance requires all organizations to evaluate whether the resource provider is receiving commensurate value in a transfer of assets transaction and whether contributions are conditional or unconditional. If commensurate value is received by the resource provider, the transaction would be accounted for as an exchange transaction by applying Topic 606, *Revenue from Contracts with Customers*, or other topics. The standard clarifies that a resource provider is not synonymous with the general public. Indirect benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider. If commensurate value is not received by the resource provider, *i.e.*, the transaction is nonexchange, the recipient organization would record the transaction as a contribution under Topic 958 and determine whether the contribution is conditional or unconditional.

FASB expects that the new standard could result in more grants and contracts being accounted for as contributions (often conditional contributions) than under current generally accepted accounting principles. Because of this, it believes the clarifying guidance about whether a contribution is conditional or unconditional, which affects the timing of revenue recognition, is important. Both the recipient and resource provider would equally apply the guidance. For non-public entities, the standard will be effective for reporting periods beginning on or after December 15, 2018.

Note 14: Restatement of Prior Year's Financial Statements

In 2017, the Fund included certificates of deposit with original maturities of more than 90 days as cash and cash equivalents which should have been reflected as investments in non-negotiable certificates of deposit.

As of December 31, 2017, the Fund presented grant receivable assets and amounts due to subrecipients within prepaid expenses and other assets. As the Fund did not have the right of offset between the grant receivable assets and the amounts due to subrecipients, these amounts should have been presented separately.

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As a result, the 2017 financial statements have been restated as indicated in the table below.

Statement of Financial Position

	As Previously Reported	As Restated	Difference
Cash and cash equivalents	\$ 2,718,341	\$ 2,187,120	\$ (531,221)
Investments	3,129,368	3,660,589	531,221
Grants receivable	-	953,574	953,574
Prepaid expenses and other assets	250,205	83,270	(166,935)
Total assets	8,442,299	9,228,938	786,639
Due to subrecipients	-	786,639	786,639
Total liabilities	258,518	1,045,157	786,639

Statement of Cash Flows

	As Previously Reported	As Restated	Difference
Operating Activities			
Changes in			
Grants receivable	\$ -	\$ (824,933)	\$ (824,933)
Prepaid expenses and other assets	128,164	478,134	349,970
Due to subrecipients	-	603,604	603,604
Refundable advances	(440,682)	(569,323)	(128,641)
Net cash used in operating activities	(148,812)	(148,812)	-
Investing Activities			
Purchase of investments	(3,084,162)	(3,615,383)	(531,221)
Net cash used in investing activities	(520,139)	(1,051,360)	(531,221)
Net Change in Cash and Cash Equivalents	(668,951)	(1,200,172)	(531,221)
Cash and Cash Equivalents, Beginning of Year	3,387,292	3,387,292	-
Cash and Cash Equivalents, End of Year	2,718,341	2,187,120	(531,221)