

The Tibet Fund

Independent Auditor's Report and Financial Statements

December 31, 2020



The Tibet Fund
December 31, 2020

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Independent Auditor's Report

Board of Directors
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, 2020, 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, 2020, 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.

Report on Summarized Comparative Information

We have previously audited The Tibet Fund's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BKD, LLP

New York, New York
September 27, 2021

The Tibet Fund
Statement of Financial Position
December 31, 2020
(With Summarized Financial Information as of December 31, 2019)

	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 343,545	\$ 465,317
Investments		
Without donor restrictions	\$ 5,051,268	\$ 4,473,151
Donor restricted	<u>778,008</u>	<u>1,127,174</u>
Grants receivable	761,503	499,230
Prepaid expenses and other assets	614,221	259,497
Loans receivable	950,000	950,000
Fixed assets - net	<u>566,130</u>	<u>591,565</u>
Total assets	<u><u>\$ 9,064,675</u></u>	<u><u>\$ 8,365,934</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 32,133	\$ 62,420
Deferred grant revenue	62,288	40,242
Due to subrecipients	<u>1,112,567</u>	<u>446,663</u>
Total liabilities	<u>1,206,988</u>	<u>549,325</u>
Net Assets		
Without donor restrictions	7,079,679	6,689,435
With donor restrictions	<u>778,008</u>	<u>1,127,174</u>
Total net assets	<u>7,857,687</u>	<u>7,816,609</u>
Total liabilities and net assets	<u><u>\$ 9,064,675</u></u>	<u><u>\$ 8,365,934</u></u>

The Tibet Fund
Statement of Activities
Year Ended December 31, 2020
(With Summarized Financial Information for the Year Ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
Revenues, Gains and Other Support				
Public support and revenues				
U.S. federal grants	\$ 6,641,160	\$ -	\$ 6,641,160	\$ 9,130,773
Special events	89,157	-	89,157	416,289
Less direct expenses of special events	(4,696)	-	(4,696)	(91,080)
Contributions	388,200	1,021,896	1,410,096	1,462,208
	<u>7,113,821</u>	<u>1,021,896</u>	<u>8,135,717</u>	<u>10,918,190</u>
Total public support and revenues				
Other revenues and gains				
Investment income	536,472	-	536,472	636,822
Rental income	52,797	-	52,797	162,747
Miscellaneous income	75	-	75	6
	<u>589,344</u>	<u>-</u>	<u>589,344</u>	<u>799,575</u>
Total other revenues and gains				
Net assets released from restrictions	1,371,062	(1,371,062)	-	-
	<u>9,074,227</u>	<u>(349,166)</u>	<u>8,725,061</u>	<u>11,717,765</u>
Total revenues, gains and other support				

The Tibet Fund
Statement of Activities (Continued)
Year Ended December 31, 2020
(With Summarized Financial Information for the Year Ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
Expenses				
Program services				
Humanitarian assistance	\$ 15,436	\$ -	\$ 15,436	\$ 80,621
Education and scholarship	2,306,308	-	2,306,308	3,729,141
Cultural and religious preservation	1,609,748	-	1,609,748	1,217,264
Economic and community development	1,714,088	-	1,714,088	4,267,362
Health care	2,333,770	-	2,333,770	725,268
Total program services	7,979,350	-	7,979,350	10,019,656
Supporting services				
Management and general	613,608	-	613,608	672,503
Fundraising	91,025	-	91,025	124,126
Total supporting services	704,633	-	704,633	796,629
Total expenses	8,683,983	-	8,683,983	10,816,285
Change in Net Assets	390,244	(349,166)	41,078	901,480
Net Assets, Beginning of Year	6,689,435	1,127,174	7,816,609	6,915,129
Net Assets, End of Year	\$ 7,079,679	\$ 778,008	\$ 7,857,687	\$ 7,816,609

The Tibet Fund
Statement of Functional Expenses
Year Ended December 31, 2020
(With Summarized Financial Information for the Year Ended December 31, 2019)

	Program Services						Supporting Services				Total	
	Humanitarian Assistance	Education and Scholarship	Cultural and Religious Preservation	Economic and Community Development	Health Care	Total	Management and General	Fundraising	Special Events	Total	2020	2019
Salaries	\$ 7,811	\$ 16,935	\$ 5,312	\$ 13,019	\$ 13,019	\$ 56,096	\$ 358,465	\$ 62,592	\$ -	\$ 421,057	\$ 477,153	\$ 530,558
Fringe benefits and payroll taxes	1,334	2,811	1,875	2,224	2,224	10,468	133,874	23,619	-	157,493	167,961	176,532
Total salaries and related expenses	9,145	19,746	7,187	15,243	15,243	66,564	492,339	86,211	-	578,550	645,114	707,090
Grants and contributions	-	1,840,543	1,599,061	1,693,769	2,312,329	7,445,702	-	-	-	-	7,445,702	9,165,231
Student support	-	439,203	-	-	-	439,203	-	-	-	-	439,203	738,907
Professional fees	460	460	460	460	460	2,300	14,864	1,242	-	16,106	18,406	59,117
Office expenses	90	90	90	90	90	450	1,354	-	-	1,354	1,804	3,951
Telephone	268	537	107	268	161	1,341	4,029	-	-	4,029	5,370	6,336
Postage and shipping	56	84	56	56	195	447	1,506	837	-	2,343	2,790	3,290
Occupancy	1,080	1,081	865	1,297	1,297	5,620	37,610	-	-	37,610	43,230	48,433
Insurance	177	236	177	354	236	1,180	10,612	-	-	10,612	11,792	10,283
Printing	76	101	51	76	101	405	2,531	2,126	-	4,657	5,062	10,145
Travel and lodging	2,625	2,726	757	505	2,625	9,238	302	555	-	857	10,095	29,426
Meals and entertainment	54	96	-	96	96	342	676	54	-	730	1,072	5,334
Training and conferences	-	-	-	-	-	-	385	-	-	385	385	607
Equipment and information technology	1,405	1,405	937	1,874	937	6,558	2,812	-	-	2,812	9,370	2,308
Catering and facilities	-	-	-	-	-	-	-	-	4,696	4,696	4,696	91,080
Depreciation	-	-	-	-	-	-	25,435	-	-	25,435	25,435	25,443
Bad debt	-	-	-	-	-	-	18,000	-	-	18,000	18,000	-
Miscellaneous	-	-	-	-	-	-	1,153	-	-	1,153	1,153	384
Total expenses	15,436	2,306,308	1,609,748	1,714,088	2,333,770	7,979,350	613,608	91,025	4,696	709,329	8,688,679	10,907,365
Less expenses deducted directly from revenues on the statement of activities	-	-	-	-	-	-	-	-	(4,696)	(4,696)	(4,696)	(91,080)
Total expenses reported by function on the statement of activities	\$ 15,436	\$ 2,306,308	\$ 1,609,748	\$ 1,714,088	\$ 2,333,770	\$ 7,979,350	\$ 613,608	\$ 91,025	\$ -	\$ 704,633	\$ 8,683,983	\$10,816,285

The Tibet Fund
Statement of Cash Flows
Year Ended December 31, 2020
(With Summarized Financial Information for the Year Ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
Operating Activities		
Change in net assets	\$ 41,078	\$ 901,480
Items not requiring (providing) operating cash flows		
Net unrealized and realized gain on investments	(410,713)	(510,577)
Depreciation	25,435	25,443
Bad debt	18,000	-
Changes in		
Grants receivable	(262,273)	(344,407)
Prepaid expenses and other assets	(372,724)	(68,400)
Accounts payable and accrued expenses	(30,287)	(92,046)
Due to subrecipients	665,904	223,574
Deferred grant revenue	22,046	9,668
	<u>(303,534)</u>	<u>144,735</u>
Net cash provided by (used in) operating activities		
Investing Activities		
Purchase of investments	(1,151,821)	(2,297,955)
Proceeds from maturity and sales of investments	1,333,583	2,055,848
	<u>181,762</u>	<u>(242,107)</u>
Net cash provided by (used in) investing activities		
Net Change in Cash and Cash Equivalents	(121,772)	(97,372)
Cash and Cash Equivalents, Beginning of Year	<u>465,317</u>	<u>562,689</u>
Cash and Cash Equivalents, End of Year	<u>\$ 343,545</u>	<u>\$ 465,317</u>

The Tibet Fund

Notes to Financial Statements

December 31, 2020

(With Summarized Financial Information as of and for the Year Ended December 31, 2019)

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

December 31, 2020

(With Summarized Financial Information as of and for the Year Ended December 31, 2019)

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, 2020 and 2019, cash equivalents consisted primarily of money market accounts with brokers.

Uninvested cash and cash equivalents included in investment accounts are not considered to be cash and cash equivalents.

At December 31, 2020, the Fund's cash accounts exceeded federally insured limits by approximately \$625,000.

Investments and Net Investment Return

Investments are carried at fair value.

The Tibet Fund

Notes to Financial Statements

December 31, 2020

(With Summarized Financial Information as of and for the Year Ended December 31, 2019)

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 statement 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, 2020 and 2019, the Fund had no allowance for doubtful accounts.

Property and Equipment

Property and equipment acquisitions are stated at cost, less accumulated depreciation. The Fund capitalizes items with a cost in excess of \$500 and with an estimated useful life of greater than one year. 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, 2020 and 2019.

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, 2020

(With Summarized Financial Information as of and for the Year Ended December 31, 2019)

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 statement 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.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions. Any funds received before the condition is satisfied are reported as deferred grant revenue.

The Tibet Fund

Notes to Financial Statements

December 31, 2020

(With Summarized Financial Information as of and for the Year Ended December 31, 2019)

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.

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 statement of activities. The statement of functional expenses presents 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.

Reclassification

Certain reclassification was made to the 2019 financial statements to conform to the 2020 financial statement presentation. The reclassification had no effect on the statement of financial position or 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, 2019, from which the summarized information was derived.

The Tibet Fund

Notes to Financial Statements

December 31, 2020

(With Summarized Financial Information as of and for the Year Ended December 31, 2019)

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, 2020, have been recorded as receivables. Following are the grant commitments that extend beyond December 31, 2020:

Grant	Term	Grant Amount	Earned Through 2020	Funding Available
SPRMCO20CA0096 - Protection and Humanitarian Assistance for Tibetan Refugees in South Asia	8/10/20 - 7/31/21	\$ 2,500,000	\$ 467,939	\$ 2,032,061
SIN65020GR0072 - Public Diplomacy	9/8/20 - 9/30/21	50,000	402	49,598
S-ECAGD-20-CA-0018 - Tibetan Scholarship Program	10/10/19 - 9/30/22	675,000	414,176	260,824
S-ECAGD-21-CA-3010 - Tibetan Scholarship Program	12/4/20 - 9/30/24	675,000	3,601	671,399
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	18,367,563	4,632,437
		<u>\$ 26,900,000</u>	<u>\$ 19,253,681</u>	<u>\$ 7,646,319</u>

Note 3: Conditional Gifts

The Fund has received the following conditional grants at December 31, 2020 and 2019 that are not recognized in the financial statements:

	2020	2019
SPRMCO20CA0096 - Protection and Humanitarian Assistance for Tibetan Refugees in South Asia	\$ 121,248	\$ -
SPRMCO18CA0173 - Protection and Humanitarian Assistance for Tibetan Refugees in South Asia	-	67,285
AID-386-G-16-00001 - Program for Self-Reliance and Resilience of Tibetan Communities in South Asia	442,731	92,410
	<u>\$ 563,979</u>	<u>\$ 159,695</u>

The Tibet Fund

Notes to Financial Statements

December 31, 2020

(With Summarized Financial Information as of and for the Year Ended December 31, 2019)

Note 4: Property and Equipment

Property and equipment at December 31, 2020 and 2019 consists of:

	2020	2019
Land	\$ 165,000	\$ 165,000
Building and improvements	952,266	952,266
Equipment, furniture and fixtures	47,170	47,170
	<hr/>	<hr/>
	1,164,436	1,164,436
Accumulated depreciation	(598,306)	(572,871)
	<hr/>	<hr/>
	\$ 566,130	\$ 591,565
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Note 5: 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, 2020 and 2019 was \$7,500, which is equal to the interest income related to the loan receivable (*Note 6*).

Future minimum lease payments at December 31, 2020, were:

2021	\$ 7,500
2022	7,500
2023	7,500
2024	7,500
2025	7,500
Thereafter	129,375
	<hr/>
Total	\$ 166,875
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The Tibet Fund

Notes to Financial Statements

December 31, 2020

(With Summarized Financial Information as of and for the Year Ended December 31, 2019)

Note 6: 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 lease expired in 2020 and was not renewed.

Cost and accumulated depreciation of leased assets are as follows:

	<u>2020</u>	<u>2019</u>
Cost of leased property	\$ 330,000	\$ 330,000
Accumulated depreciation	<u>(245,438)</u>	<u>(228,938)</u>
	<u>\$ 84,562</u>	<u>\$ 101,062</u>

Note 7: 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. 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 percent and the interest income for the year ended December 31, 2020 was \$7,500. On March 20, 2018, the Fund agreed to forgive \$750,000 of the loan and convert this portion into a grant. Subsequent to year end, the Board of Directors is considering the decision to convert the remaining balance of the loan. This decision can be revoked. The amount outstanding as of December 31, 2020 is \$750,000. In conjunction with the forgiveness of the loan in 2018, 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. Payments due to the Fund are as follows:

2021	\$ -
2022	20,000
2023	20,000
2024	40,000
2025	40,000
Thereafter	<u>80,000</u>
Total	<u>\$ 200,000</u>

Subsequent to year end, negotiations took place for The Tibetan Community of New York and New Jersey, Inc. to provide the Fund free space rental in lieu of loan payments. These plans were postponed due to the effects of COVID-19.

The Tibet Fund

Notes to Financial Statements

December 31, 2020

(With Summarized Financial Information as of and for the Year Ended December 31, 2019)

Note 8: 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 \$25,919 and \$27,420 for the years ended December 31, 2020 and 2019, respectively.

Note 9: 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>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose		
Economic and community development program	\$ -	\$ 61,735
Cultural and religious preservation	728,518	859,007
Health care program	-	159,231
TAP program	49,490	47,201
	<u>\$ 778,008</u>	<u>\$ 1,127,174</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>2020</u>
Satisfaction of purpose restrictions	
Economic and community development program	\$ 403,956
Cultural and religious preservation	593,678
Education and scholarship program	130,156
Health care program	243,272
	<u>\$ 1,371,062</u>

The Tibet Fund

Notes to Financial Statements

December 31, 2020

(With Summarized Financial Information as of and for the Year Ended December 31, 2019)

Note 10: 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, 2020 and 2019, comprise the following:

	<u>2020</u>	<u>2019</u>
Cash	\$ 343,545	\$ 465,317
Investments	5,829,276	5,600,325
Grants receivable	<u>761,503</u>	<u>499,230</u>
Total financial assets	6,934,324	6,564,872
Restricted funds	<u>(778,008)</u>	<u>(1,127,174)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,156,316</u>	<u>\$ 5,437,698</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 11: Disclosures About Fair Value of Assets and Liabilities

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 tables present the fair value measurements of assets and liabilities recognized in the accompanying statement 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, 2020 and 2019:

		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, 2020		Total		
Assets				
Investments				
Mutual funds				
Money market	\$ 1,258,624	\$ 1,258,624	\$ -	\$ -
Domestic equities	1,567,305	1,567,305	-	-
Foreign equities	672,998	672,998	-	-
Fixed income	1,574,661	1,574,661	-	-
Total investments reported on the fair value hierarchy	5,073,588	<u>\$ 5,073,588</u>	<u>\$ -</u>	<u>\$ -</u>
Certificates of deposit	755,688			
Total investments	<u>\$ 5,829,276</u>			

		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, 2019		Total		
Assets				
Investments				
Mutual funds				
Money market	\$ 288,376	\$ 288,376	\$ -	\$ -
Domestic equities	1,551,765	1,551,765	-	-
Foreign equities	665,772	665,772	-	-
Fixed income	1,694,034	1,694,034	-	-
Total investments reported on the fair value hierarchy	4,199,947	<u>\$ 4,199,947</u>	<u>\$ -</u>	<u>\$ -</u>
Certificates of deposit	1,400,378			
Total investments	<u>\$ 5,600,325</u>			

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The 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 statement 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, 2020 and 2019.

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.

Note 12: 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, 2020 and 2019, 39 percent and 57 percent, 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 13: Subsequent Events

Subsequent events have been evaluated through September 27, 2021, which is the date the financial statements were available to be issued.

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Note 14: Future Change in Accounting Principle

Accounting for Leases

FASB 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 balance sheet as both a right-of-use asset and a liability. The standard has two types of leases for income statement 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, 2021 and any interim periods within annual reporting periods that begin after December 15, 2022. The Fund is evaluating the impact the standard will have on the financial statements.