



# KHYENTSE FOUNDATION

ANNUAL REPORT 2004

YEAR OF THE WOOD MONKEY



# MESSAGE FROM DZONGSAR JAMYANG KHYENTSE RINPOCHE

Dear Friends,

I am very pleased that you all have been inspired to become patrons of Buddhism. Milarepa said that the merit accumulated by the practitioner and the merit accumulated by the sponsor are the same. The Endowment for Monastic Education guarantees that the monastic tradition at the Dzongsar Institutes will continue and that all the basic needs of at least 700 students will be covered for as long as the Endowment exists. I cannot guarantee that all the graduates of the Institutes will become egoless, selfless individuals, or that they will conquer all their negative emotions, but I am very sure that at least one of them will become a selfless being. Do not underestimate the value of one such individual. One person can influence millions of beings. HH the Dalai Lama alone has made an impact on so many people. The purpose of Khyentse Foundation supporting monastic institutions is to produce such individuals – scholars and teachers who positively influence the world.

Your contributions are drops in the ocean that is the Endowment. They have a ripple effect. The Endowment supports hundreds of practitioners. Out of those hundreds, one emerges. This individual is sent out into the world where, through wisdom and compassion, he or she inspires hundreds and thousands more.

I have an aspiration that Khyentse Foundation follow the footsteps of great patron kings of Buddhism such as Ashoka of India and Trisong Detsen of Tibet. Khyentse Foundation's aim is to become an on-going patron of Buddhism. In this sense, the Foundation's job is just beginning and there is still very much that needs to be done. It is not something that we will finish within this decade. I don't think our job will ever finish. The progress made by Khyentse Foundation is a group effort. Thank you for being a part of this group. Khyentse Foundation's many beneficiaries and volunteers count on your continued support.

Enjoy the year of the wood rooster,



Dzongsar Jamyang Khyentse



*“Even great kings and warlords such as Ashoka and Kublai Khan have put aside their usual ambitions in the interest of supporting the buddha-dharma. It is in these footsteps Khyentse Foundation wishes to follow.”*

*Dzongsar  
Khyentse  
Rinpoche*

## REPORT FROM THE EXECUTIVE DIRECTOR

Dear Friends of Khyentse Foundation,

It is with great pleasure that I bring to you the Annual Report 2004, celebrating the third anniversary of Khyentse Foundation.

### ENDOWMENT FOR MONASTIC EDUCATION

In 2004, we reached a major milestone by accomplishing our initial fund-raising goal of US\$2.8 million to establish the Endowment for Monastic Education. The fund will provide ongoing support for 700 monks, nuns, and students in the various Khyentse institutes and monasteries in Tibet, India, and Bhutan. It was through the generosity of close to five hundred donors from over twenty countries, including eighty recurring donors in our Matching Funds Program, that we were able to achieve this vital objective.

In November of last year, His Holiness Dalai Lama presided over the inauguration of the new Chökyi Lodrö College of Dialectics (CLCD) in Northern India. CLCD will receive much-needed operating support for its students, administration, and faculty from Khyentse Foundation. The Foundation also provides for the needs of Khyentse Rinpoche’s institute in Tibet. The rigorous programs at these institutes are recognized for their ability to train scholars who are able, in turn, to make the Buddha’s teachings available to many others, both in Asia and in the West.

During this past year, the Investment Committee, led by Chair Isabel Pedrosa, has worked hard to diversify our portfolio in an attempt to generate higher income while maintaining a prudent balance. In 2004, our portfolio generated a total average return of 11%, surpassing our expectations. (See Report from the KF Investment Committee for details.)

Even though almost all the funding since our inception has gone into establishing the Endowment Fund, much progress has been made in the Foundation’s other projects as well.

### PUBLICATIONS

The Foundation contributed to the preservation of Tibetan and Pali texts by supporting the work of the Tibetan Buddhist Resource Center (TBRC) in the United States and the Fragile Palm Leaves Foundation in Thailand.



photo by Amelia Chow

Khyentse Foundation, TRBC and the Bodhi Foundation collaborated in creating a pilot program to establish digital libraries of Tibetan Buddhist texts at CLCD and the Chökyi Gyamtso Institute in Bhutan. This innovative project will ultimately allow students at these institutes to download and print texts that would otherwise not be available to them.

Efforts are under way to seek funding for further software development and the establishment of print-on-demand facilities so that these digital archives can be readily available to khenpos, students, and scholars from other centers and monasteries.

The Foundation continued to publish original commentaries based on Rinpoche's teachings and to make them available to students as free digital downloads upon formal request. Over 2,000 students have received or downloaded Rinpoche's commentary on Chandrakirti's Madhyamakavatara and the Longchen Nyingtik Ngöndro, and requests continue to come in every day from all over the world.

## SCHOLARSHIPS

With limited appropriation for scholarships this year, the Foundation supported several students for three-year retreats; offered a language scholarship to a western student whose goal is to become a translator; offered scholarships for attendance at Rinpoche's Madhyamika teachings; and sponsored Cambodian monks to study English and Theravadan Buddhism in Thailand. We have received many more requests for financial aid than we have been able to fulfill, and we hope to expand our ability to offer scholarships of various kinds in the future.

## BUDDHIST SCHOOLS FOR CHILDREN

While Vajradhara Gonpa in Australia continues with its successful Siddhartha's School Children's Days program, Brazil joined Australia and Germany in initiating programs to train teachers of Buddhism. The Foundation is now working jointly with Chagdud Gonpa in Brazil to develop a curriculum for teachers that could ultimately form the basis of a Buddhist school for children.

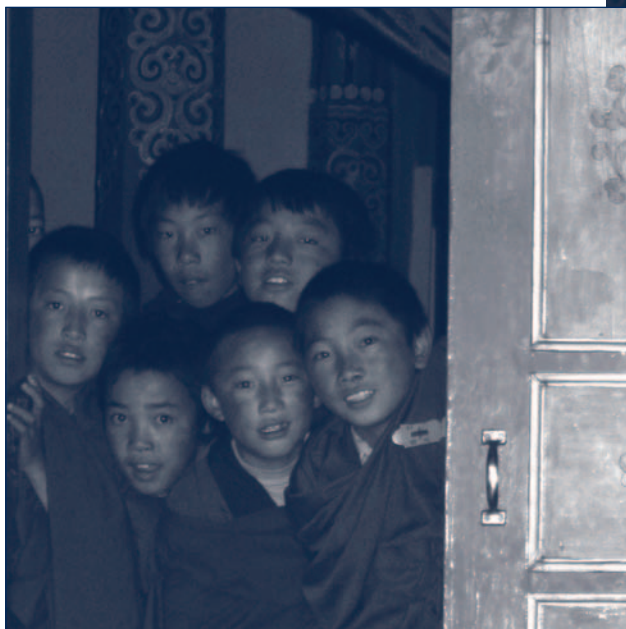


photo by Claudia Chender

## ENDOWED CHAIR IN BUDDHIST STUDIES

Based on the recommendation of KF advisor Gene Smith and the findings of the working committee, the Board of Directors decided that the Khyentse Foundation Endowed Chair in Buddhist studies should be established at the University of California, Berkeley. The Foundation is now seeking a sponsor to fund this million-dollar endeavor, which will make the authentic teachings of the Buddha accessible to many sentient beings for generations to come. Initial discussions are taking place with several interested parties.

## OTHER INITIATIVES

Because it is our mission to follow the footsteps of the great patrons of Buddhism, Khyentse Foundation is positioning itself as a supporter, a catalyst, and an incubator of innovative and meaningful efforts to spread the Buddha's teachings. To this end, a Grants Review Committee, personally chaired by Khyentse Rinpoche, was established this year. The committee will review applications for funding and will determine the Foundation's level of involvement in projects submitted for our consideration. Special working groups, drawing on the expertise of a number of individuals in the international sangha, were formed to work on different projects. (See the Khyentse Foundation Team List.)

## COMMUNICATION

Although the Foundation is a very young organization, we already have representatives serving as spokespeople and coordinators in thirteen countries. The growth in each country is organic because the activity level very much depends on the resources and support of the local sangha.

In view of the international nature of the Foundation, communication is a major challenge. Much effort has been made to facilitate the flow of information among those in the KF community. Through the hard work of Communications Director Noa Jones, we have continued to publish a quarterly newsletter that enables us to keep people around the world informed about the Foundation's activities.

In 2004, we revamped our website, [www.khyentsefoundation.org](http://www.khyentsefoundation.org), which now serves as an important information center as well as a practical and efficient tool to distribute texts, receive donations, operate our on-line shopping gallery, and more. We continue to explore effective ways to improve communication among ourselves and with the communities that we serve.

## LOOKING INTO THE FUTURE

Following the tradition of Rinpoche's previous incarnations, Khyentse Foundation is a truly nonsectarian and all-encompassing organization. Our support goes to all students and practitioners of Buddhism, Tibetan and non-Tibetan, lay and monastic, eastern and western, in the Hinayana, Mahayana, and Vajrayana schools of Buddhism. Despite the growing complexity of its operations, the Foundation continues to be a volunteer organization that depends entirely on the generosity of our donors and supporters. It is our intention to continue to keep our administrative expenses to a minimum.



Now that we have completed the first phase of our funding goal, we are moving forward to concentrate our efforts on establishing the publication and scholarship funds. In order to fulfill our mission to establish a system of patronage that supports institutions and individuals engaged in the study and practice of Buddha's vision of wisdom and compassion, we will need your help so that we can continue the work we have begun.

I would like to take this opportunity to thank Khyentse Rinpoche for his inspiration and guidance, all our donors for their generosity, and the entire Khyentse Foundation team for their time and effort in moving the Foundation forward.

May the Foundation's activities benefit all beings!  
In the Dharma,

A handwritten signature in black ink that reads "Cangjoli".

Cangjoli Che  
Executive Director, Khyentse Foundation

# ENDOWMENT FOR MONASTIC EDUCATION

Report from the KF Investment Committee for Year 2004

The Investment Committee is happy to announce that the investment goals of the Khyentse Foundation Endowment for Monastic Education were surpassed in 2004. The Endowment returned 11%, a total gain of US\$ 214,044. At year-end 2004, total assets amounted to approximately \$2.9 million.

In order to cope with the challenging economic outlook for the United States, where our assets and the Foundation are based, but keeping in mind that our commitment is for long-term capital preservation with disbursements in different currencies, the Investment Committee made several tactical changes to the asset allocation.

By mid-year we started to look into a possible diversification of assets into different currencies, in order to reduce the exposure to the weakening US dollar. We also considered moving from a balanced mix of 50% fixed income and 50% equities to a more flexible asset allocation. This move will require some changes in the guidelines that were approved by the Foundation's board in June 2004. Taking advantage of the positive stock market, we finished 2004 with an asset mix of 40% bonds, 50% equities, and 10% cash. This mix, however, did change considerably during the year.

The weakening of the US dollar is still one of our main concerns. The current US trade deficit, the government deficit, the budget deficit, and the political decisions should keep driving the US market, and we do not foresee a potential recovering of the currency for the short term. Therefore, we will keep our focus in investments that can offer us a positive return and a "hedge" against the weak US dollar. Combined with this scenario, the necessary increases in interest rates by the US Federal Reserve should continue to drive us away from US bonds.

The following section highlights a few of our investment highlights over the past year:

## FIXED INCOME

The US fixed income portfolio was composed of corporate bonds (50%), agency bonds (37%), and US treasury notes (9%), with a weighted average rating of AA and an average current yield of 5%. We have added to the portfolio a position in Cia Vale do Rio Doce (CRVD), the largest iron ore company in the world, which produces the natural resource necessary for the production of steel. This company represents a diversification from US bonds. Our current holding of CVRD is only 4% of the total portfolio, or 8.5% of the bonds portfolio, and it returned 3.4% in 2.5 months.

The average annualized return since inception in July 2002 on the fixed income portfolio (including cash balances) was 3.9%. This represents a worse than expected performance for the US bonds portfolio in the year 2004.



## EQUITIES

For more than half of the year, the equity portfolio was composed of only two mutual funds: a stock fund (composed of US companies) and an international stock fund. The larger exposures in these funds were Materials, Consumer Discretionary, Financial, and Energy. The diversification came around September when we included a Japan stock index, some Energy Trust Units traded in Canadian dollars, and an India fund. The percent allocation at year-end 2004 was stock fund (34%), international fund (46%), Japan index (4%), Canadian Energy Trust Units (7%), and India fund (8%).

Based on net asset value data, returns for the stock and international funds for the year 2004 were 13% and 32% respectively. Returns from the date of the Foundation's initial investment in September in the Japanese index, the Energy Trusts, and the India fund were 11%, 6%, and 23% respectively.

## OVERALL PERFORMANCE

The aggregate investment portfolio is now composed of a mix of 40% bonds, 50% equities, and 10% cash. The cumulative capital invested since the Endowment Fund's launch in July 2002 totaled US\$2,816,000 as of January 21, 2005, originating primarily from donations received.

The Committee anticipates that a variable asset mix will be necessary to maintain the current performance vis-à-vis the very unstable global economy in the short-term. The group's strategy will continue to reflect a conservative yet responsive approach to managing the Endowment Fund, based on the Investment Guidelines approved by the Khyentse Foundation Board, a copy of which is available upon request.

Prepared and submitted by KF Investment Committee:

Isabel Pedrosa (Chair)



Amelia Chow

Valerie Chou

Marco Noailles

Angie Tsai

January 25, 2005





# KHYENTSE FOUNDATION

## SUMMARIZED AUDITED FINANCIAL STATEMENTS

### STATEMENT OF FINANCIAL POSITION

June 30, 2004

#### ASSETS

Cash	US\$ 624,883
Investments	1,953,329
Pledges receivable, net of allowance for Unfulfilled pledges and discounts to present value	<u>380,353</u>
<b>Total Assets</b>	<b>2,958,565</b>

#### LIABILITIES AND NET ASSETS

Current liabilities	
Accounts Payable	2,198
Grants Payable	<u>65,500</u>
Total liabilities	67,698
Unrestricted net assets	2,510,513
Temporarily restricted net assets	<u>380,354</u>
Total net assets	2,890,867
<b>Total Liabilities and Net Assets</b>	<b>\$2,958,565</b>

### STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2004

#### REVENUES

Contributions	\$2,627,829
Less discount on long-term receivables	(1,037,787)
Less receivables reserve expense	<u>( 838,511)</u>
Net Contributions	751,531
In-kind donations	8,681
Unrealized gain on investments	88,157
Realized gain on investments	20,118
Interest and dividends	<u>46,205</u>
<b>Total revenue</b>	<b>914,692</b>

#### EXPENSES

Program Grants:	
Monastery Support	50,000
Publications and text preservation	23,000
Scholarships	44,490
Other expenses in support of programs	<u>19,736</u>
Total program expenses	137,226
Management	7,516
Fundraising	<u>4,734</u>
<b>Total expenses</b>	<b>149,476</b>
Change in net assets	765,216
Net assets – beginning of year	<u>2,125,651</u>
Net assets – end of year	<b>\$2,890,867</b>

A full set of the Audited Financial Statements is available upon request.

*“We have the aspiration to become a major patron of Buddhism. We are providing alms in the form of endowments and assets according to the conventions of today. The world is changing, the method is not exactly as it was 2500 years ago, but this is the modern day equivalent.”*

*Dzongsar  
Khyentse  
Rinpoche*

# Khyentse Foundation Team List

(as of December 31, 2004)

## CHAIRMAN OF THE BOARD OF DIRECTORS

Dzongsar Jamyang Khyentse Rinpoche

## ADVISORS

Richard Dixey  
William McKeever  
Gene Smith

## BOARD OF DIRECTORS

Cangioli Che  
Amelia Chow  
Lisa Davison  
Florence Koh  
Barbara Ma  
Marco Noailles  
Christian Rhomberg  
Phuntsho Tobgyal  
Penelope Tree  
Angie Tsai  
Pema Wangchuk  
Malcolm Watson

## FUND RAISING COMMITTEE

Penelope Tree - Co-chair  
Noa Jones - Co-chair  
Jain Feng  
Florence Koh  
Mazy Kwong  
Stephanie Lai  
Alysia Lee  
Nancy Lee  
Lesley Ann Patten  
Doris Wolter  
Kris Yao  
Yong Siew Chin

## INVESTMENT COMMITTEE

Isabel Pedrosa - Chair  
Valerie Chou  
Amelia Chow  
Marco Noailles  
Angie Tsai

## GRANTS DEVELOPMENT COMMITTEE

Sydney Jay - Chair  
Chris Jay  
Ryan Lee  
Yinwah Ma  
Isaiah Seret

## GRANTS REVIEW COMMITTEE

Dzongsar Khyentse Rinpoche - Chair  
Luc Dierckx  
Steven Goodman  
Ron Stewart

## BENEFICIARY LIAISON COMMITTEE

Marco Noailles  
Phuntsho Tobgyal  
Pema Wangchuk  
Malcolm Watson

## TEXT EDITORS AND TRANSLATORS

Steve Cline  
Chanel Grubner  
Jampa C. Lecardonnell  
Jakob Leschly  
Jimmy Ma  
Alex Trisoglio  
Albert Wongchirachai

## COUNTRY REPRESENTATIVES

Australia  
Kathie Chodron  
Jill Robinson

Brazil  
Consuelo Peña.  
Manoel Vidal

Canada  
Amelia Chow  
Lesley Patten

Germany  
Arne Schelling  
Doris Wolter

Hong Kong  
Florence Koh  
Alysia Lee

India  
Pema Wangchuk

Indonesia  
Loekito Hidajat

Malaysia  
Yong Siew Chin

Singapore  
Cheau Ho  
Lee Kwang-boon

Switzerland  
Marie Crivelli

Taiwan  
Jain Feng  
Kris Yao

UK  
Penelope Tree

USA  
Cangioli Che  
Linda Coelln  
Noa Jones

## **EXECUTIVE COMMITTEE**

Cangioli Che - Executive Director  
Lisa Davison - Secretary  
Marco Noailles - Treasurer

## **EXECUTIVE OFFICE**

Noa Jones - Communications  
Director

Isaiah Seret - Program  
Development

Jakob Leschly - Editor

Kelly Roberts - Art Director

Jessie Wood - Copy Editor

Michelle Tsao - Accounting

Margaret Sablatnig - Database  
Manager

Alex Trisoglio - KF Fellow

Dave Zwieback - Web Master

Helen Jackson Jones -

Benefits Gallery Manager

## **CONSULTANTS**

Ivy Ang - Strategic Planning

Christopher and Sydney Jay -  
Executive Coaching

## **LEGAL COUNSEL**

Alexander Halpern LLC

Boulder, Colorado, USA

## **AUDITORS**

Gregg Associates, PC

Portland, Oregon, USA

Attention: Beth Bown

## **WORK GROUPS**

### **BUDDHIST SCHOOLS FOR CHILDREN**

Noa Jones - Project Coordinator

Australia: Ari Summa

Eva Thomas

Kathie Chodron

Meg Hui

Jill Robinson

Brazil: Chagdud Khadro

Lama Shera

Christine Boedler

Canada: Leslie Patten

Germany: Doris Wolter

UK: Penelope Tree

### **CHÖKYI LODRÖ COLLEGE OF DIALECTICS, INDIA**

Amelia Chow - Project

Coordinator

Lama Sonam Phuntsok - CLCD

Liaison

Pema Wangchuk - India Liaison

Dr. Rob MacLachlan - Medical  
Services

Faculty Panel -

Computers and Technology

Hugo Croci

Arne Schelling

Ron Stewart

Isabel Pedrosa

Faculty Panel - English

Chanel Grubner

Pema Maya

Jason Sanche

Lama Shenphen

## **DIGITAL LIBRARY**

Isaiah Seret, Project Coordinator

Gene Smith

David Lunsford

Sydney Jay

Ron Stewart

Tsewang Gyurmey, Yashodhara

Publishing

Chökyi Lodrö College of

Dialectics Liaisons

Lama Sonam Phuntsok

Sonam Tenzin

Tulku Ngawang Tsepa

Chökyi Gyamtso Institute Liaisons

Ugyen Thrinley

Ugyen Wangchuk

## **ENDOWED CHAIR IN BUDDHIST STUDIES**

Sydney Jay, Chair

Amelia Chow

Lisa Davison

Ryan Lee

Isaiah Seret

