May the work we are now about to begin meet with ever-growing fulfillment and success and bring good fortune, prosperity, happiness and peace! - Mipham

Dzongar Khyentse Rinpoche

Losar 2130
KHYENTSE FOUNDATION
Annual Report 2002

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I would like to extend my prayers and greetings to everyone on this Losar, and take this opportunity to reflect on our purpose.

Inspired by the Buddha's wisdom, we can recognize that suffering is not arbitrary, it is caused by confusion, and our path is to put an end to this cause of suffering. Much of the disharmony we have in the world today has been created by greed and extreme views. Therefore it is high time for us to infiltrate people's minds with the antidote to these manifestations of confusion, which is the Buddha's message of love, compassion and equanimity.

But that can’t happen by just reading a book or two – it has to be studied and actually practiced, and while there are many who are willing to undertake such thorough study and practice, they don’t always have the means to do it themselves. Therefore I am so pleased that among many other foundations, the Khyentse Foundation is now also managing to contribute a little towards supporting people in these endeavours. While we can’t promise that through this we can bring peace and harmony to the whole world, I am quite sure that within our individual worlds, through the study and practice of the Buddha's teachings, we can create the conditions for definitely achieving peace and harmony.

Dzongsar Khyentse Rinpoche
Chairman of the Board of Directors
Khyentse Foundation
Dear Khyentse Foundation Supporters,

It is with great pleasure that I write to report on the progress of the Khyentse Foundation since its incorporation in the United States in November 2001 under the direction of Dzongsar Khyentse Rinpoche.

Much progress has been made to establish an effective infrastructure to operate the Foundation, and to develop the projects in which the Foundation is now involved. Highlights of important activities are included in A Calendar of Events.

In spite of the severe worldwide economic downturn in 2002, Khyentse Foundation was strongly supported by over two hundred donors from fourteen countries, with contributions ranging widely in kind and value, truly representing an international effort of Khyentse Rinpoche’s mandala.

By the end of the year 2002, Khyentse Foundation crossed the threshold of having received donations totaling US$ 1 million. By January 31, 2003, total donations received reached over US $1.1 million. An abridged audited financial statements for the eight months ended June 30, 2002 is attached with this report.

With your generous contributions, Khyentse Foundation is now funding the following projects:

1. Endowment Fund for Monastic Education

By the end of 2002, Khyentse Foundation was able to provide US$ 1 million to the Endowment Fund for Monastic Education, the Foundation’s top priority. Since July 2002, the Endowment Fund has been in a professionally-managed investment account. With the prudent management guidelines generated by the Investment Committee and approved by the Board, the fund was fully vested in high quality bonds and other fixed income instruments. The fund generated a total return of 3.63% between July and December 2002.

While our ultimate hope is to endow the Fund with US$ 2.8 million, we anticipate that by 2004, there will be sufficient interest income generated by the Fund to provide partial support to the over 700 monks, nuns and students in Khyentse Rinpoche’s educational institutes and monasteries in Tibet, India and Bhutan.
2. Khyentse Foundation Scholarships

As a first effort to support non-Tibetan dharma students, we will provide twenty partial scholarships for students from all over the world to attend Khyentse Rinpoche’s Madhyamakavatara teachings in San Francisco in June 2003.

The Foundation is also starting to offer financial assistance to enable motivated and capable students to fulfill their aspirations to do traditional 3-year retreats.

In the coming years, we hope to increase our funding capability to provide even more scholarships to meet the growing needs of the flourishing community of Buddhist students and practitioners outside of Tibet and the Indian sub-continent.

3. Publication Projects

The Foundation aims to provide study material to assist dharma students around the world. As a start, the Foundation is funding an initial printing of Khyentse Rinpoche’s teachings on the Madhyamakavatara, based on Rinpoche’s previous teachings in Dordogne, France. These teachings have been transcribed by a team of editors headed by Alex Trisoglio. This precious 500-page volume will be printed and available on request to students at Rinpoche’s Madhyamakavatara teachings in June 2003 and to the attendees of the Dordogne teachings.

In the near future, the Foundation will also be printing a Longchen Nyingtik Ngöndro practice manuscript, another work based on transcriptions of Rinpoche’s teachings.

With future funding, the Foundation will embark on the restoration of the Khyentse Library at the Dzongsar Institute in Tibet, and sponsor the translation of the teachings of four great masters: Longchenpa, Jigme Lingpa, Jamyang Khyentse Wangpo and Jamyang Khyentse Chökyi Lodrö.

Looking Ahead

As you know, the mission of the Khyentse Foundation is to support the international community of dharma students and practitioners. As such, the Foundation has long-term goals and a wide-ranging set of tasks.
There is much to be done in the years ahead to achieve the all-embracing aspirations of the Foundation as envisaged by Khyentse Rinpoche. It is our wish to involve and inspire every member of our sangha in this concerted effort. We invite you all to strengthen your connection with Rinpoche by being involved in the efforts of the Foundation, and to contribute your ideas and resources in whatever manner possible.

For our part, we will improve our communication with you, our donors and supporters, through enhanced personal contacts, more regular emails/letters and more effective use of our website as a communication tool. You will be hearing from us through these different channels concerning diverse ways and areas where you may be able to help the Foundation.

In addition, the Foundation is now starting to organize its efforts to apply for grants from private funding agencies to support the Scholarship and Publication programs.

I take this opportunity to thank Khyentse Rinpoche for his inspiration, blessings and unceasing guidance.

I would also like to thank all our donors for your generosity, encouragement and support.

Last but not the least, I wish to thank the entire Khyentse Foundation team, Board and Committee members, and all those who have volunteered their valuable time, expert knowledge and services in a variety of ways and functions, to bring the Foundation to where it is today. With your efforts, the Foundation was able to maintain its operating expenses at an absolute minimum, so that maximum benefit may go to the people and projects that the Foundation seeks to support.

May your generosity and continued involvement with the Khyentse Foundation benefit many sentient beings. Best wishes for the year of the Water Sheep!

In the dharma,

Cangioli Che
Executive Director
Khyentse Foundation
A Calendar of Events

- **On November 5, 2001**, Khyentse Foundation was incorporated as a non-profit corporation in the State of Washington, USA after months of planning and preparation.

- **In November 2001**, the Khyentse Foundation established its worldwide network of country representatives in Australia, Canada, Germany, Hong Kong, Malaysia, Taiwan, the United Kingdom and the United States.

- **In December 2001**, the Khyentse Foundation Investment Policy and Guidelines for the Endowment Fund for Monastic Education were generated by the Investment Committee and approved by the Board.

- **In January 2002**, Khyentse Rinpoche talked about the vision and mission of the Khyentse Foundation in an exclusive interview.

- **In February 2002**, the Foundation prepared presentation folders for potential donors, and translated them from English into Chinese and German.

- **On April 22, 2002**, Khyentse Foundation received approval of its tax-exempt status by the United States Internal Revenue Service, enabling all donations to be tax deductible to the fullest extent of the law in the U.S.

- **During Spring and Summer 2002**, we announced the incorporation of the Foundation to students attending Rinpoche’s teachings around the world—in Germany, Hong Kong, Taiwan, Canada, USA and Australia.

- **In June 2002**, the Foundation’s website, www.khyentsefoundation.org, was launched and, albeit simple, now provides sangha members with some brief, informative comments on the Foundation and its mission.

- **In July 2002**, the Foundation started to fund the Endowment Fund for Monastic Education and set up a separate investment account for this purpose.

- **On August 1, 2002**, Khyentse Rinpoche chaired the first meeting of the Khyentse Foundation Board of Directors in San Francisco, USA.

- **In September 2002**, the Foundation conducted an accounting procedural review to ascertain whether its internal controls were reasonable and adequate, and whether there were any areas for improvement.
• **Also in September 2002**, processes were completed with our banking facilities to enable worldwide credit card and US domestic automatic bank withdrawal arrangements, either of which can be used for one-time, periodic, or regular on-going donation capability.

• **In October 2002**, as directed by the Board, the Foundation appointed an independent auditor to ensure full compliance of its accounting procedures and operations with the stringent rules and regulations governing non-profit organizations in the U.S.

• **During the last quarter of 2002**, the Foundation strengthened its worldwide network by involving many individuals in the On the Path-Tibet project to benefit International White Lotus and Khyentse Foundation. The first two photographic exhibitions were held in London and Hong Kong and copies of the photobook were distributed in ten countries by the international sangha.

• **By November 2002**, the Foundation was able to streamline its administrative setup as well as develop a fully functional database to effectively track donations and other important information.

• **On December 31, 2002**, the Foundation auspiciously crossed the threshold of having received donations totaling US$ 1 million.

• **As of January 31, 2003**, donations received totaled over US$ 1.1 million (unaudited).
KHYENTSE FOUNDATION

Annual Report 2002

Audited Statement of Financial Position

June 30, 2002

ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>588,805</td>
</tr>
<tr>
<td>Pledges Receivable, net of allowance for unfulfilled pledges of $265,794 and a discount to present value of $221,655</td>
<td>223,225</td>
</tr>
<tr>
<td>Total assets</td>
<td>812,030</td>
</tr>
</tbody>
</table>

LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities and unrestricted net assets</td>
<td>589,031</td>
</tr>
<tr>
<td>Temporarily restricted net assets</td>
<td>222,999</td>
</tr>
<tr>
<td>Total Liabilities and net assets</td>
<td>812,030</td>
</tr>
</tbody>
</table>

Statement of Activities

For the Eight Months Ended June 30, 2002

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>602,128</td>
<td>710,448</td>
<td>1,312,576</td>
</tr>
<tr>
<td>Less discount on long term receivables</td>
<td>(221,655)</td>
<td>(221,655)</td>
<td></td>
</tr>
<tr>
<td>Less receivables reserve expense</td>
<td>(265,794)</td>
<td>(265,794)</td>
<td></td>
</tr>
<tr>
<td>Net contributions</td>
<td>602,128</td>
<td>222,999</td>
<td>825,127</td>
</tr>
<tr>
<td>In-kind donations</td>
<td>7,255</td>
<td></td>
<td>7,255</td>
</tr>
<tr>
<td>Interest</td>
<td>630</td>
<td></td>
<td>630</td>
</tr>
<tr>
<td>Total revenue</td>
<td>610,013</td>
<td>222,999</td>
<td>833,012</td>
</tr>
</tbody>
</table>

|                          |              |                        |             |
| EXPENSES                 |              |                        |             |
| Professional services    | 6,138        |                        | 6,138       |
| Office supplies and services | 1,873       |                        | 1,873       |
| Printing                 | 6,634        |                        | 6,634       |
| Postage and delivery     | 1,516        |                        | 1,516       |
| Training and education   | 132          |                        | 132         |
| Meeting expense          | 2,815        |                        | 2,815       |
| Travel                   | 485          |                        | 485         |
| Financial expenses       | 1,473        |                        | 1,473       |
| Miscellaneous expense    | 25           |                        | 25          |
| Total expenses           | 21,091       |                        | 21,091      |

|                          | Amount      |                      |              |
| Change in net assets     | 588,922     | 222,999              | 811,921      |
| Net assets - beginning of year | -          | -                    | -            |
| Net assets - end of year | 588,922     | 222,999              | 811,921      |

A full set of Audited Financial Statements for the Year ended June 30, 2002 is available upon request.
Acknowledgements

Dzongsar Khyentse Rinpoche wishes to thank the following for their valuable assistance to the Khyentse Foundation during the past year:

Linda Adelstein  
Ang Chui Jin  
Ivy Ang  
Claudia Bahls  
Robert Betonte  
Desiree Bucks  
Anna Chan  
Teresa Chan  
Rosa Chang  
Anatasia Chao  
Mary Anne Chase  
Arthur Che  
Cangioli Che  
Michael Chender  
Irena Cheng  
Viola Cheung  
Valerie Chou  
Amelia Chow  
Steve Cline  
Linda Coelln  
Marie Crivelli  
Hugo & Pam Croci  
Michael Damian  
Abby Davison  
Lisa Davison  
Sharon Denis  
Ding Nai-Chu  
Nedup & Debra Dorjee  
Gary Dyson  
Mila Eche  
Jain Yan-Nan Feng  
Michiko Filipak  
Michael Fritzsche  
May Gu  
Alex Halpern  
Claus Hauер  
Calliope Ho  
Ho Kwai Ling  
Rosalina Ho  
Chris & Sydney Jay  
Jimba  
Noa Jones  
Julie Kidd  
Florence Koh  
Randall Koral  
Alan Kozlowski  
Kandice Kwok  
Mazy Kwong  
But-Sou Lai  
Bobby Lam  
Po Lam Lau  
Alycia Lee  
Amy Lee  
Anita Lee  
CLEMENT & NANCY Lee  
Lee Hsiang-Lan  
Ryan Lee  
Su-Yin Lee  
Jakob Leschly  
Rinchen Lhamo  
Joanne Liao  
Cathy Liu  
Ratna Liu  
Barbara Ma  
Jimmy Ma  
Yin-wah Ma  
Larry Mallet  
Jangchub Mannheimer  
Ann Mehan  
Kathryn Meeske  
Tara Mizner  
Jim Nelson  
Rainbow Ng  
Marco Naalies  
Richard & Linda Page  
Lesley Patten  
Rainbow Ng  
Luodre Pentsok  
Philip Philippou  
Christian & Maria Rhomberg  
RIGPA International  
Kelly Roberts  
Jill Robinson  
Frank & Margaret Sablatnig  
Andrea Schultz  
Ron Schultz  
Isaiah Seret  
Shambhala Institute  
Alix Sharkey  
Siddhartha's Intent-Canada  
Siddhartha's Intent-Germany  
Siddhartha's Intent-Hong Kong  
Siddhartha's Intent-India  
Siddhartha's Intent-Southern Door (Australia)  
Siddhartha's Intent-Taiwan  
Siddhartha's Intent-Western Door (USA)  
Florence So  
Ron Stewart  
Carolina Surawati  
Stephanie Suter  
C.C. Szeto  
Lizzy Tam  
Phuntsho Tobgyel  
Theow Tow  
Penelope Tree  
Alex Trisoglio  
Roland Walter  
Pema Wangchuk  
Malcolm Watson  
Jenifer Wells  
Doris Walter  
Albert Wongchirachai  
Kelly Yi-Chu Yang  
Jin Yeo  
Yong Siew Chin  
Serena Young  
Aida Yuan  
Maggie Yum  
and many others.
Additional Information

The following additional information is available upon request:


If you wish to receive any of the above information, please contact the Khyentse Foundation at:

2312 Pacific Avenue, San Francisco, CA 94115, USA
Phone: 415 922 5611 Fax: 415 922 1333
Email: maryanne@khyentsefoundation.org

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