KHYENTSE FOUNDATION
Annual Report 2009

SCHOLARSHIP FUND
ENDOWMENT FOR
MONASTIC EDUCATION
TRANSLATIONS AND
PUBLICATIONS
BUDDHIST EDUCATION
PROGRAMS
ACADEMIC
ENDOWMENTS
I really believe that what we have achieved, what Khyentse Foundation has achieved, is all because of you, the people, the human resources that we have. Without you I don’t think we could even have come close to what we have achieved.

Of course, I don’t have to mention that Shakyamuni Buddha is so special for us. It’s only with his kindness and compassion that people like us have some kind of direction in our life. Also I don’t have to mention that only the Buddhadharma is the cause for temporal happiness, and for liberation eventually. So, as a follower of Shakyamuni Buddha, I think the best thing that we can do is what we in Tibetan call dzin-kyong, to protect and uphold and keep the teaching alive. For us, the followers, that’s our job. And not only one or two teachings of the Buddha, but every one of them, every single one of them. The past masters and scholars and saints and monks and patrons and kings and Brahmans traded their lives and their wealth and sometimes even their thrones for
the sake of one word of the dharma, and it would be so sad and unfortunate to lose any of this, even one word.

So it’s almost as if there’s no choice—we also have to be concerned, because of them. And also it is really important to be concerned with each different aspect of the teachings and the traditions.

For example, when we talk about the environment, of course, it’s good to protect your own trees in your own backyard. But as a citizen of this world, one can’t really forget the Amazon. So as a Tibetan Buddhist, for me not to be concerned with the decline or degeneration of let’s say Theravada Buddhism in Burma, would not be wise. If we lose one tradition such as Theravada, basically, everything will collapse: Mahayana will collapse, Vajrayana will collapse. These traditions are all connected.

Earlier this year [at the Translators’ Conference in India], Jigme Khyentse Rinpoche gave such an inspiring concluding talk. He said, “Buddhas and bodhisattvas have so much merit, all we have to do is tap into this merit.” And that’s what we have to do. We have to do everything we can. At least, we should have good aspiration.

If we, as followers of the Buddha, can’t put the dharma into practice, at least we can protect the dharma, maintain it, preserve it, multiply it, and make it available to other people who have time and energy and wish to practice it.

I don’t think there is anything that we can disregard. Everything, every lineage, every activity that is related to preserving the dharma is so important.

During the Translators’ Conference, Khyentse Foundation and myself sort of stumbled into becoming the office for translating the Kangyur and Tengyur. It’s a very, very big project, it’s a daunting task, but it’s very important. We have offered our services as much as we can, we have pledged ourselves to this. But this doesn’t mean that the other things that Khyentse Foundation supports, like scholarship programs, publications, and monastic education, have suddenly become less important. They are equally important. There is so much interest from the younger generations these days, we can’t afford to tell ourselves, “We need to translate the Kangyur, so maybe the universities can wait 5 years, 25 years, 100 years.” This is something that we cannot afford to do. We can’t let go of any of these projects.

I guess I’m saying that we have to do much more. I know all of you, consciously or unconsciously, share this view. And this is why I have a very good feeling about what we can do. Because I think we all have this feeling of really not wanting to let go of some things just because we are doing something else that is really special. And I’m very happy about this—thank you all so much. Please keep in mind that I think we have just upgraded our workload much more.

—Excerpt from Rinpoche’s address to the KF board of directors, September 2009

“How much relevance is there in Buddhism today? I think Buddhism does a lot. Not just as a religion, but as a means to actualize the truth.”
—Dzongsar Khyentse Rinpoche
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Full set of audited financial statements for the year ended June 30, 2009
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Designed by Emily Crow and Andreas Schulz

Cover: Ashoka lion pillar, Vaishali, India. Photo courtesy But-sou Lai.
Facing: Another view of the Ashoka lion pillar, Vaishali. Photo courtesy But-sou Lai.
Following page: Monks praying at the Bodhi Tree, Bodhgaya, India. Photo courtesy But-sou Lai.
Dear Friends and Supporters of Khyentse Foundation,

Every spring, the KF Annual Report is our opportunity to share with you the highlights of the previous year. 2009 was an especially busy and exciting year for Khyentse Foundation.

Among our ongoing activities, the scholarship program offers assistance to an increasing number of students and practitioners. We also continue to provide support for more than 1,000 student monks in two traditional monastic universities, in India and Tibet.

In March 2009, Khyentse Foundation sponsored the “Translating the Words of the Buddha” conference in Bir, India, which resulted in the Buddhist Literary Heritage Project. The goal of this 100-year global initiative is to see the vast richness of Buddhist literature translated into modern languages and made universally accessible. Rinpoche and Khyentse Foundation have pledged full support to the initial planning and interim setup of BLHP.

An increasingly significant KF project is to identify creative and constructive ways to preserve and promote the Buddha’s teachings in all traditions. Special emphasis is placed on the academic study of Buddhism at the university level and on the cross-fertilization of knowledge and experience between traditional and western centers of excellence. Initial efforts are taking shape, and some interesting programs will get under way in 2010.

During the past year, despite a very depressed economy, support from our donors worldwide continued to grow. Donations received in 2009 amounted to $US1.2 million, slightly surpassing our cautious expectations. We are very fortunate to have ongoing support from our monthly donors and matching fund sponsors, whose combined generosity gives us the financial base to embark on long-term initiatives, so valuable in building an effective patronage system.

Khyentse Foundation continues to be an all-volunteer organization. Our administration costs are maintained at an absolute minimum of 1% of total budget, allowing us to offer 99 cents of every donation dollar received to the people and projects that we support. This is possible only because of KF’s “no frills” policy. We operate through committees and working groups, all staffed by volunteers, whose dedication to translating Rinpoche’s aspirations into action is unsurpassed.

As we continue to seek ways to share the Buddha’s teachings by encouraging study and practice, we are humbled by the little we have done so far, and we are awed by the tremendous patronage that is required. So many worthy projects are waiting for funding. So much needs to be done and can be done. With Rinpoche’s inspiration, blessings, and guidance, and with the continued contributions of our donors and volunteers, we vow to work tirelessly to bring the wisdom and compassion of the Buddha to benefit each and every being.

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Executive Director
Recognizing the importance of Buddhadharma in bringing peace and happiness to the world, Dzongsar Khyentse Rinpoche established Khyentse Foundation in 2001 to promote the Buddha’s teachings for the benefit of all beings. Under Rinpoche’s inspiration and guidance, and with the support of our worldwide network of sponsors and volunteers, the Foundation has built a system of patronage to preserve, protect, promote, and spread the Buddha’s teachings of wisdom and compassion.

Our support system is based on five priority projects identified by Rinpoche. These projects are sustained by traditional forms of support and also by innovative means to identify and optimize support for the study and practice of the Buddha’s teachings, in all traditions, all over the world.

1. Scholarship Fund

In 2009, the Scholarship Fund continued to be the top priority among Khyentse Foundation’s Five Projects. Even in countries where Buddhism is widely practiced, support for practitioners is growing less, and in the West such support is almost nonexistent. Khyentse Foundation scholarships help to make the Buddhadharma accessible to those who seek it, and the recipients are a powerful force for spreading the Buddha’s teachings throughout the world.

During the past year, Khyentse Foundation offered more than US$75,000 in scholarships to 45 individuals worldwide through open applications and grants to various institutions. In addition to western students, the program is increasing its support for monks in the Theravadin tradition in countries such as Bangladesh, Sri Lanka, and Cambodia. Their fields of study include Buddhist philosophy, language, and translation. KF also offers increasing support for practitioners to do long-term retreats, including support for 14 nuns in China who are doing life-long retreat.

At the recommendation of KF advisor Professor Peter Skilling, a Khyentse Foundation Award for Excellence in Buddhist Studies is being established in selected universities around the world. The award aims to encourage and recognize distinction and hard work in the primary skills and tools of Buddhist studies, especially expertise in the classical languages of Buddhist traditions. In collaboration with identified centers of excellence, the first KF Awards will be presented to outstanding undergraduate and graduate students in spring 2010.

We are very encouraged to see the beginning of the scholarships’ multiplier effect, as scholarship recipients start to organize and teach the Buddhadharma in their own countries, or embark on translation or other dharma-related work.

2. Endowment for Monastic Education

The KF Endowment for Monastic Education was set up in 2004 to ensure the continuation of the heritage of higher Buddhist studies in Dzongsar shedras (Buddhist universities). The fund mainly pays for food for monks at the Dzongsar Institutes in Tibet and India, which are recognized for their academic excellence. In the past two years, the scope of support has expanded significantly to cover medical care, language classes, computer equipment, and so on. It is Rinpoche’s wish to develop the Dzongsar Institutes in India and Tibet into world-class centers.
of Buddhist study, producing Buddhist scholars and
teachers who can serve the world. The Foundation is
working with the Institutes to improve facilities and to
expand the curriculum to include foreign languages,
computer skills, world history, mathematics, and
sciences. During 2009, the Foundation provided close
to US$250,000 in support to the two Institutes.

**Dzongsar Tibet**

During the past year, KF continued to partially support
the basic needs of more than 1,000 monks, nuns,
and long-term retreatants at Dzongsar Monastery,
Dzongsar Khamje Institute (the shedra), and nearby
retreat centers and monasteries. We also started
to support the hire of a qualified accountant to
handle the administration and upgrade the financial
procedures of the monastery to modern standards.

**Dzongsar India**

In addition to providing basic food and operational
needs to 550 students and teachers at the Dzongsar
Khyentse Chökyi Lodrö Institute (DKCLI) in Chauntra, the
Foundation continues to expand the area of its support. A
medical clinic funded by the Foundation is now providing
much-needed health care to students and faculty.
The English program at the Institute offers both full-time
and part-time courses. The objective is to train qualified
Buddhist teachers for the English-speaking world.

A new education initiative involves exchange programs
to bring Tibetan scholars and khenpos to China,
the United States, and elsewhere to experience
teaching, studying, and living at universities. Plans
are underway for two such programs in 2010.

Top: Institute secretary Khenpo Khyentse at his desk in the
DKCLI main office.

Middle: Monks use the new
English language lab for the
first time.

Bottom: Amelia Chow works
with DKCLI assistant secretary
Ugyen on the annual financial
reports.

Photos courtesy Noa Jones.
3. Translations and Publications

The Publication Fund is an umbrella resource designed to make Buddhist texts readily available to all who wish to study the Buddhadharma. The Foundation collaborates with like-minded organizations to concentrate support in three major areas: the preservation, translation, and distribution of Buddhist texts.

**Tibetan Buddhist Resource Center (TBRC)**

Khyentse Foundation is a major supporter of the Tibetan Buddhist Resource Center. TBRC’s goal is nothing less than to keep the Tibetan wisdom heritage alive. KF funds the heart of TBRC’s programs, including support for digitally preserving its collection of more than 12,000 volumes of texts. During 2009, the TBRC team surpassed most of the benchmarks they had set for the year, scanning more than 4,000 volumes, producing 355 outlines, and formatting close to 250 volumes.

TBRC expects to complete the scanning of its core collection by 2012. However, through acquisitions, partnerships with other institutions, and their continuing commitment to seek out rare and important literature, the total number of volumes in the library will be far greater than the 12,000 volumes originally anticipated.

Khyentse Foundation has committed US$1.2 million to support the TBRC Digital Library over a 5-year period. More than $500,000 has been granted, including our 2009 grant of $290,000.

**Fragile Palm Leaves Foundation**

Khyentse Foundation continues to support Fragile Palm Leaves’ efforts to preserve and study the heritage of the Buddhist literature of Southeast Asia. FPL is cataloging and preparing a database of its large collection of Buddhist manuscripts, written on palm leaves and paper, in classical Pali and in several Southeast Asian languages. FPL is publishing the series *Materials for the Study of the Tripitaka*. Five titles have appeared to date. Six new titles are in preparation, and FPL hopes to publish them in 2010.

**Translation Conference**

In March 2009, more than 50 of the world’s top dharma translators, teachers, and academics gathered at the Khyentse Foundation sponsored *Translating the Words of the Buddha* conference at Deer Park Institute in Bir, India. They discussed the importance and urgency of making the Buddha’s teachings available to people around the world, first in English and then in other languages.

Chaired by the Dzogchen Ponlop Rinpoche, this important event was blessed by the heads of all the lineages of Tibetan Buddhism. After 5 days of intense deliberations, the conference culminated in the establishment of the Buddhist Literary Heritage Project (BLHP), with the goal of seeing all of the vast and extraordinary riches of Buddhist literature, particularly the Tibetan Kangyur and Tengyur, translated and made universally accessible within 100 years. At the request of conference participants, Dzongsar Khyentse Rinpoche agreed to act

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“With the [TBRC] Digital Library, no future disaster, whether natural, political, or economic, will destroy these precious Buddhist texts again.”
—Dzongsar Khyentse Rinpoche
as the interim leader for BLHP, and Khyentse Foundation will serve as its interim secretariat.

**Buddhist Literary Heritage Project**

In the months following the translation conference, an interim organizational structure was put in place for BLHP, and initial policies and strategic plans were being developed.

An interim BLHP working committee, with its own executive director, was formed in July, and a 4-day marathon planning meeting was held in September.

In line with the request of conference participants, Khyentse Foundation provided the infrastructural, administrative, and initial funding and planning support under the temporary leadership of Khyentse Rinpoche during this initial phase. After months of hard work and preparation by members of the working committee, BLHP officially began operation in January 2010. It is expected that BLHP will become a fully independent and self-sustaining organization in 3 to 5 years. Khyentse Foundation will continue to be a sponsor of BLHP. For more information, please contact info@buddhistliteraryheritage.org.

**Book and Translation Projects**

In 2009, the Foundation supported various book and dharma translation and transcription projects, some commissioned by Rinpoche and some initiated by other groups. One such project is Rinpoche’s new book, *What...*
to Do at India’s Buddhist Holy Sites. The English version of the book is now available for free download from siddharthasintent.org and khyentsefoundation.org.

4. Buddhist Education Programs

Rinpoche has a long-term vision of offering Buddhist education to all in countries where such education is not readily available. The format of these programs varies according to the needs of students in different countries.

Deer Park Institute, Bir, India

Khyentse Foundation continued to support the operation of Deer Park Institute in Bir, India, a center for the study of classical Indian wisdom traditions established by Rinpoche in 2006. The mission of Deer Park is to recreate the Nalanda spirit of study and practice, which recognizes all schools of classical Indian philosophy, such as the Jain and Advaita Vedanta traditions, as well as numerous Buddhist traditions.

Throughout 2009, Deer Park Institute continued its journey toward reviving the ancient Nalanda traditions. The institute hosted a landmark translation conference with Khyentse Foundation, marking the auspicious beginning of a monumental project to preserve the Indo-Tibetan heritage of Buddhist literature. Also notable throughout 2009 were the teaching seminars in Buddhist thought; classical language courses in Tibetan and Sanskrit; and meditation retreats by Sogyal Rinpoche, Jetsunma Tenzin Palmo, Dzigar Kongtrul Rinpoche, Prof. Narayanji Lal, Khenpo Choying Dorjee, Dr. Bettina Baumer, Prof. Prabodh Parikh, and Raji Ramanan. The institute also further developed its
series of programs in classical Indian philosophy, culture, arts, and traditional medicinal systems.

Deer Park Institute continued its support of Indian Buddhist groups by organizing another Buddhist retreat in a series, conducted in Hindi by Geshe Lhakdor, Ven. Lobsang Norbu Shastri, and Ven. Summati. Along with these activities, the institute continued its social and ecological commitment to communities in the region by initiating a new process of training Buddhist monastics in ecological issues and by developing a training curriculum for ecology and zero waste education for Buddhist monastics. This resulted in some monasteries initiating zero waste projects in their own communities as well as drawing the attention of influential government policy makers. Deer Park Institute drew more than 1,000 students from different parts of India and the world in 2009, continuing to provide a space to contemplate and experience the ancient Nalanda heritage.

**Buddhist Education for Children**
In a limited but essential way, KF continued to support the traditional monastic Buddhist school for children in Sikkim, providing funding for food, clothing, and other necessities.

**Other Initiatives**
Khyentse Foundation also supports Buddhist education initiatives in Australia, Brazil, India, and Germany. In 2009, efforts were initiated to explore and set up a social networking site for Buddhist and dharma-related educators to enable easier access to resources and advice for effective Buddhist education.

**5. Academic Endowments**
Khyentse Foundation continues to promote the academic study of Buddhism at major universities and Buddhist institutes around the world.

**Khyentse Chair in Tibetan Buddhist Studies at UC Berkeley**
Professor Jacob Dalton began teaching Buddhist studies at Berkeley in January 2009. His appointment was made possible through the establishment of the Khyentse Chair in Tibetan Buddhist Studies in 2006, representing the fruition of a four-year collaboration between Khyentse Foundation and UC Berkeley.

**Global University Research Project**
Following the success of the Khyentse Chair at UC Berkeley, KF initiated the Global University Study research project to identify the best ways to support the academic study of Buddhism worldwide. Just a third of the way through the study, our advisory committee and volunteer research team had already identified several preliminary findings. Also, data collection from 72 universities is complete, and data from about 20% of the universities has been summarized and analyzed.

When this study is complete, in June of 2010, we will be able to identify what actions are most urgently needed to support and broaden Buddhist scholarship in the world.
Highlights of the Five Projects

**Professor Jake Dalton on His First Year at UC Berkeley**

When I arrived in January 2009, California was experiencing unseasonably warm weather. I spent my weekends wandering around Berkeley in a T-shirt and teaching my twin daughters how to smell flowers. Suffice to say my family is all very happy to be here! At work, I have been pleased to find my hopes of a collegial atmosphere more than realized. Professors Sharf, von Rospatt, and I work particularly closely together, and the intellectual environment is truly stimulating.

We began our academic year with a Buddhist Studies hike and picnic for faculty and students that left us all happy and (in my case) rather sore. In teaching, I have developed three new courses: “Tantric Traditions of Asia,” “Death, Dreams, and Visions in Tibetan Buddhism,” and a course on Tibetan biography. During the fall I taught an introductory course on Buddhism to an audience of 120, and Professor Alex von Rospatt and I had a wonderful time co-teaching a seminar on Yoga Tantra to our students of Tibetan and Sanskrit.

I have also been quite busy building up our new Tibetan graduate program. I managed to raise enough funds for a UC-wide subscription to Gene Smith’s ever-expanding treasury of digital Tibetan texts. We plan to devote spring 2010 to Tibetan art history, and we are preparing to host several visiting scholars in Tibetan Studies at Berkeley.

“Without wishing to over-dramatize the situation, it’s clear that we need to act quickly, and I believe the only way we can accomplish this monumental endeavor is by finding ways of working together—not only the translators, but also the sponsors, the teachers, and of course the students. We need to pool our skills, resources, experience, and energy and come up with a plan for translating the Buddhadharma—one that we all contribute to. We must decide where we want this process to be in 10 years, 25 years, 50 years, and 100 years.”

—Dzongsar Khyentse Rinpoche

Above: Professor Jake Dalton and UC Berkeley students.
Khyentse Foundation continues to emphasize the study and practice of the Buddha’s teachings, and our funding supports Tibetans and non-Tibetans, monks and nuns, lay students and practitioners, scholars and translators, teachers and researchers from all the different Buddhist traditions.

During the past year, Khyentse Foundation:
- Managed a scholarship program supporting 45 students and practitioners from all over the world.
- Gave full or partial support to more than 1,200 monk and nuns at the Dzongsar Monastery and Institutes and other monasteries in India and Tibet.
- Sponsored more than 350 monks and nuns in long-term retreat in Tibet.
- Sponsored and organized the Translating the Words of the Buddha conference in India and provided secretariat and funding support for the initial planning and interim setup of the Buddhist Literary Heritage Project.
- Supported Deer Park Institute’s programs in Bir, India, which attracted over a thousand participants.
- Awarded grants to various projects for the preservation, translation, and distribution of Dharma texts.

During 2009, more than 30 major grants were awarded to individuals and organizations, benefiting thousands of people. The beneficiaries come from many countries, including Australia, Cambodia, Canada, China, India, Germany, Nepal, Scotland, Singapore, Sri Lanka, Thailand, and the United States. The total value of these grants and scholarships amounted to close to US$900,000.

### Some People and Projects Supported in 2009

**Berzin Archives, Berlin, Germany**
Supported the work of Dr. Alexander Berzin, whose website ([www.berzinarchives.com](http://www.berzinarchives.com)) is a multilingual educational tool for authentic information on the four traditions of Tibetan Buddhism, the history of Buddhism, Tibetan and Central Asian history, Tibetan medicine and astrology, and Buddhist-Muslim relations.

**Buddhist Literary Heritage Project (BLHP)**
Provided administration and funding support for the project’s initial planning and interim setup stages. Awarded a BLHP grant to Tshechen Kunchab Ling for a “proof of concept” project to translate the first 100 pages of *The Sutra of the Meeting of the Noble Father and Son*.

**Deer Park Institute, Bir, India**
*(A project of Siddhartha’s Intent Society India)*
Provided staffing and operational expenses for a variety of programs and seminars that are free of charge and open to all participants from India and all over the world.

**Dzongsar Khamje Institute, Derge, China**
Funded the basic needs of 410 monks (both professors and students) studying at the shedra. The monks come from four different provinces: Sichuan, Qinghai, Gansu, and Tibet.

**Dzongsar Khyentse Chökyi Lodrö Institute, Chauntra, India**
Supported 550 students, khenpos, teachers, and staff for their basic food and operations. Funded the medical clinic and the English program, offering full-time and part-time study to 100 student monks and khenpos.
KF Grant and Scholarship Recipients in 2009

Dzongsar Monastery, Derge, China
Funded the basic needs of 250 monks at the monastery.

Fragile Palm Leaves Foundation, Nonthaburi, Thailand
Supported all the activities of the FPL’s manuscript project. More than 10,000 manuscripts written on palm leaves and paper have been cataloged, including texts dated as early as 1761.

Gagu and Dangcang Meditation and Retreat Centers, Maisu Area, China
Supported 350 monks and nuns in long-term retreat, 80 of them in life retreat.

George Washington University, Washington, D.C.
Sponsored a pilot program, which will take place in 2010, to bring two senior scholars from Dzongsar Khyentse Chökyi Lodrö Institute in India to GWU, to give lectures in classes on Buddhism, to attend GWU programs, to undertake research on Sakya Pandita, and to experience life in a major western university.

Khmer-Buddhist Educational Assistance Program, United States
Provided university scholarships to Theravadin monks from Cambodia studying Buddhism at Mahachula University in Thailand.

Mind-Body Awareness Project, Oakland, California
Funded an ongoing mindfulness-based rehabilitation program, based on Buddhist meditative principles and practice, for incarcerated youth at the Alameda County Juvenile Justice Center in California.

Heidi Nevins
Sponsored the translation, editing, and publication of the spiritual autobiography of the illustrious Kathok Khenpo Ngawang Palzang by Heidi Nevins, under the guidance of Chatral Sangye Dorje Rinpoche.

North Sikkim Academy, Mangan, North Sikkim, India
Funded education, food, medicine, clothing, and housing for a hundred tribal children at the school.

Ani Lodrö Palmo
Supported the completion of the translation of the autobiography of Dudjom Lingpa.

Rangjung Yeshe Institute, Kathmandu, Nepal
Continued to support a joint scholarship program, the Khyentse-Rangjung Yeshe Institute Scholarship, for students from many different countries. In 2009, 9 students were awarded scholarships to study at RYI.

Rimé Foundation
Supported completion of the third volume in the Heart Essence Series, which includes “Essential Guidance on the Seven-Point Mind Training” by Longchenpa and “Steps to Liberation” by Jigme Lingpa.

Tibetan Buddhist Resource Center, New York, United States
Supported the scanning, formatting, and outlining operations for the compilation of a digital library of Tibetan texts based on Gene Smith’s collection of more than 12,000 volumes.
Tsechen Kunchab Ling, All Encompassing Great Compassion, Seat of His Holiness Sakya Trizin, New York
Supported the translation of a book of biographies of Sakya Pandita, the most famous of the five founders of the Sakya Order.

Vajradhara Gonpa, New South Wales, Australia
Supported 7 practitioners who started their traditional 3-year retreat in January 2009.

Warnam Retreat Centre, Tibet
Supported 14 nuns doing life-long retreat at Warnam Retreat Centre, near Lhasa.

Wu Ming Quiang
Sponsored translation of Dharma texts from Tibetan into Chinese under the guidance of Khenpo Phuntshok Namgyal of Dzongsar Monastery, Tibet. Wu also does oral translation of dharma teachings given by Khenpo Phuntsok Namgyal.

Individuals
Through the KF open application process, 13 individual students were granted scholarships for Buddhist philosophy study, language study for future translation work, and practice programs of their choice. The recipients included a nun from Scotland and 5 monks from Bangladesh, Burma, and Singapore, who are studying in Sri Lanka and Nepal, and lay practitioners and students from Burma, Canada, and the United States.
A Year of Recovery—and Caution
Report from the Investment Committee

After the unprecedented global financial crisis in 2008, stocks moved sharply higher in 2009 as investors witnessed the power of the most massive global monetary and fiscal stimuli imaginable to reflate economic activity. The first months of 2009 saw sharp declines because of fears that the global financial system was on the brink of collapse and that the world was entering another Great Depression. As those fears began to dissipate, “riskier” assets managed to outperform “safer” assets, such as cash, that were producing near-zero returns. Still, 2009 was a year that produced negative real economic growth and noticeable earnings declines in the entire developed world.

In this scenario, the Khyentse Foundation portfolio posted a 21% return on its assets, meeting its commitment to consistently deliver superior performance with lower risk. The return was above our annual objective of 5% and outperformed our synthetic benchmark by almost 10%.

One caveat of this performance is the fact that it was achieved with the portfolio carrying on average 46% in cash—meaning that half of the Foundation’s assets were “safe,” while the other half in fact had a performance of approximately 40%. Another interesting aspect is the fact that the gains represent a 90% recouping of the losses incurred during the financial crisis. The other 10% of losses still outstanding represents a smaller figure than the gains achieved in 2007. As we said in our report last year, no donation ever made to Khyentse Foundation has ever been lost.

At year-end, assets composing the Endowment for Monastic Education and the Scholarship Fund totaled US$7.1 million, divided among the following asset classes: cash 39%; bonds 34%; equities 17%; and gold 10%. Equities returned 40% on average; bonds had a positive performance of 35%, after disastrous returns in 2008; and gold was up 25%. Another important aspect of the positive performance was currency diversification—the positions held in other currencies were up another 20% during 2009.

As in previous years, the expense ratio continues to be extremely low at 0.29%, while the turnover was 28%, as we took advantage of the markets, getting in and out of gold at different times and deploying our cash when assets presented a compelling entry price.

Although the S&P 500 and the MSCI World Index rebounded 24% and 27% respectively during the year, there is still a lot of uncertainty on the economic scene and a general sense of investor unease. The economic recovery in the United States does seem to be for real, but growth will probably come in at a pace below a typical recovery. Adding to that, some structural problems remain unresolved. Chief among these are ongoing consumer deleveraging, a banking system facing deteriorating loan quality, an increasing yet uncertain regulatory environment, still-troubled credit markets, and a real estate market that may still be healing for several years. From an international point of view, we have the prospect of sovereign debt crisis and asset bubbles.

At this point, it is not clear to the Investment Committee how this scenario will unfold. We have already shortened the maturity of our bonds, and we continue to diversify in terms of currencies—currently only 43% of our assets are in U.S. dollars, and we will continue to cherish cash—even though the returns are so low. As discussed at the board of directors
meeting in September 2009, considering the global uncertainties, the Investment Committee will continue to work from a conservative risk-return point of view.

**Fixed Income**

For 2009 as a whole, the yield on the 10-year U.S. Treasury note climbed from 2.25% to 3.85%. In this environment, the Barclays Aggregate Bond Index—our fixed income benchmark—gained a relatively modest 5.9% for the year.

The fixed income part of the portfolio is composed of cash and bonds. The cash part offered almost no return—the same 0.2% as the 3-month Treasury bills—but it was a safe way for us to play other currencies, such as Canadian dollars, which now make up a significant part of our cash and have benefited from the weak U.S. dollar.

Credit-related areas of the fixed income markets staged a strong rebound in 2009 as investors returned to the mortgage, investment-grade corporate, and high-yield areas of the market, all of which posted especially strong gains. This was also the case with our bonds, which had a fantastic 35% return.

The international part of the bonds portfolio returned 25%. Not only did we recoup 2008’s losses, but we also increased our positions in February and March, benefiting from the entire rally. We hold bonds in Indian rupees, Australian dollars, and Brazilian reals.

The domestic portfolio of bonds returned 48% as a consequence of a more stable financial system and a reduction of risk aversion.

Overall, we have increased the amount of currencies other than U.S. dollars in the portfolio and have also reduced the overall maturity, because interest rates and the effect of the U.S. deficit on the U.S. dollar are still unclear.

In our 2008 report, we mentioned the fact that the losses on the bonds were just “accounting” or “paper losses” and that we were looking forward to recouping them. We are extremely happy that this actually happened, and that in the midst of so many bankruptcies and closings of financial institutions, we did not lose any of the bonds in the portfolio.

**Equities**

Our investments in equities returned 40% in 2009. These positions were composed of direct investment in stocks, exchange traded funds (ETFs), gold, and energy trust funds. When compared with the return of the S&P 500 and the MSCI World Fund, 24% and 27% respectively, we believe that we did well.

Most of our positions were focused in emerging markets, the same markets that were hit hardest during the downturn and therefore posted the strongest gains on the way back up. The MSCI Emerging Markets Index was up 78% for the year, with standout performance coming from Brazil, Russia, India, and China. Among developed markets, European stocks generally outpaced their U.S. counterparts, while Japan lagged slightly. Our Chinese, Brazilian, and Canadian stock positions returned 56%, 35%, and 41% respectively. We got in and out of the markets, as a proof that we took very seriously the lesson we learned in 2007/2008—to take profits!
Another position that we increased was gold, as a hedge against the uncertain future of the U.S. dollar. Our gold positions are concentrated in ETFs and gold stocks. Our return was 35%, and we benefited from the discipline of taking profits and buying on dips.

The road ahead for equities in 2010 will continue to present difficulties. From this point onward, the market will be driven primarily by gains in corporate earnings and real advances in the economy—not by global policy action, liquidity issues, or relief that the world has avoided a depression. Any gains are likely to be a lot less robust than they were in 2009. And volatility will go back to end of 2008 levels. Not a pretty scenario.

I guess we will have to take our lead from Rinpoche’s North American Dharma Gar, and be very disciplined, doing our own investment practice every day in order to benefit from imbalances without increasing the risk to the portfolio.

We would like to thank our advisors for their continuing advice and Khyentse Foundation’s donors and board of directors for trusting in us and believing that we would be able to recoup most of the losses incurred during the financial crisis. We value this trust and we will continue to work hard to deliver superior performances.

KHYENTSE FOUNDATION IS...

Khyentse Foundation is dedicated to promoting the Buddha’s teachings for the benefit of all people through an effective system of patronage. The Foundation aspires to bring visionary thinking to the preservation and expansion of Buddhist education and practice across all lineages and traditions.

Established in 2001 by Dzongsar Khyentse Rinpoche, Khyentse Foundation and its many patrons have already funded a chair of Buddhist studies at UC Berkeley, pledged more than US$1 million to digitize the entire Tibetan Buddhist scriptural tradition, and established endowments to fund two monastic colleges in India and Tibet and a worldwide scholarship program, while supporting numerous other groundbreaking initiatives.

Other current projects include an academic survey of Buddhist higher education systems throughout the world and the incubation of the Buddhist Literary Heritage Project, a 100-year effort to translate the vast teachings of the Buddha into modern languages.

While maintaining a global focus, Khyentse Foundation remains a grassroots organization, operated by an all-volunteer staff and supported by hundreds of donors, many of whom donate just a few dollars a month. Like drops of water making up the ocean, together the Foundation and its donors are supporting thousands of practitioners, students, and monastics, and reestablishing the age-old tradition of Buddhist patronage for contemporary times.
# Khyentse Foundation Summarized Audited Financial Statements as of June 30, 2009

These statements are a summary of information from the Financial Statements audited by James E. Richman, CPA, PC, Portland OR.

## Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$3,446,384</td>
</tr>
<tr>
<td>Investments</td>
<td>3,420,715</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>6,867,099</strong></td>
</tr>
</tbody>
</table>

## Liabilities and Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted net assets</td>
<td>6,642,287</td>
</tr>
<tr>
<td>Temporarily restricted net assets</td>
<td>224,812</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td><strong>$6,867,099</strong></td>
</tr>
</tbody>
</table>

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2008

### Revenues

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$966,630</td>
</tr>
<tr>
<td>Other revenue</td>
<td>7,605</td>
</tr>
<tr>
<td>Realized gain (loss) on investments</td>
<td>(129,259)</td>
</tr>
<tr>
<td>Unrealized gain (loss) on investments</td>
<td>(957,196)</td>
</tr>
<tr>
<td>Interest and dividends, net fees/taxes</td>
<td>206,399</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>94,179</strong></td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th>Program grants:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scholarships</td>
<td>75,001</td>
</tr>
<tr>
<td>Monastery support and education</td>
<td>173,629</td>
</tr>
<tr>
<td>Publications and text preservation</td>
<td>78,732</td>
</tr>
<tr>
<td>Education programs</td>
<td>3,398</td>
</tr>
<tr>
<td>Special grants</td>
<td>41,711</td>
</tr>
<tr>
<td><strong>Total program expenses</strong></td>
<td><strong>372,471</strong></td>
</tr>
<tr>
<td>Administrative management</td>
<td>44,605</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>417,076</strong></td>
</tr>
</tbody>
</table>

### Change in Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change in Net Assets</strong></td>
<td>(322,897)</td>
</tr>
<tr>
<td>Net Assets – Beginning of Year</td>
<td>7,189,996</td>
</tr>
<tr>
<td>Net Assets – End of Year</td>
<td><strong>$6,867,099</strong></td>
</tr>
</tbody>
</table>
Khyentse Foundation Team List
As of December 31, 2009

CHAIR OF THE BOARD OF DIRECTORS
Dzongsar Jamyang Khyentse Rinpoche

ADVISORS
Ding Nai-Chu, Richard Dixey, Steven Goodman, Suresh Jindal, William McKeever, Peter Skilling, Gene Smith

BOARD OF DIRECTORS
Ang Chui Jin, Cangioli Che, Michael Chender, Amelia Chow, Lisa Davison, Florence Koh, Barbara Ma, Marco Noailles, Isabel Pedrosa, Raji Ramanan, Isaiah Seret, John Solomon, Angie Tsai, Pema Wangchuk, Kris Yao

COMMITTEES
Executive Committee
Cangioli Che (Executive Director), Amelia Chow, Lisa Davison (Secretary), Florence Koh, Marco Noailles (Treasurer), Isabel Pedrosa

Investment Committee
Isabel Pedrosa (Chair), Amelia Chow, Marco Noailles, Angie Tsai, Kelly Yang

Advisors to the Investment Committee:
John Carlson, Gene Chan, Gregory Forgues, James Nelson, Luciana Novaes, Miles Santos

Scholarships Committee
Florence Koh (Chair), Ann Marie Huck, Stuart MacFarlane, Luciana Novaes, Doris Wolter

Special Projects
Nancy Lee, Yin-wah Ma

COUNTRY TEAMS
Australia
Chantal Gebbie

Bhutan
Rinzin Lhamu, Pem Tshering

Brazil
Luciana Novaes, Manoel Vidal

Canada
Julie Chender, Amelia Chow, Lesley Patten

Germany
Arne Schelling, Doris Wolter

Hong Kong
Rosalina Ho, Mazy Kwong, Alysia Lee

India
Pema Wangchuk, Raji Ramanan

Indonesia
Loekito Hidajat

Malaysia
Yong Siew Chin

Singapore
Frank Lee, Lee Kwang- boon

Switzerland
Marie Crivelli

Taiwan
Chou Su-ching, Stephanie Lai, Kris Yao

UK
Richard Dixey, Penelope Tree

USA
Linda Coelln, Noa Jones
ADMINISTRATIVE OFFICE
Linda Coelln (Volunteer Coordinator)
Emily Crow (Graphic Design)
Pat Hanna (Beneficiary Coordinator)
Lynn Hoberg (Communications Coordinator)
Noa Jones (Communications Director)
Jesse Klein (Communications Manager)
Su-yin Lee (Beneficiary Coordinator)
Jakob Leschly (Editor)
Louise Rodd (Administrative Assistant),
Sharon Roe (Project Coordinator)
Margaret Sablatnig (Database Director)
Isaiah Seret (Project Development Director)
Yulia Sheynkman (Photo Archives)
Alex Trisoglio (KF Fellow)
Albert Paravi Wongchirachai (Editor)
Sarah Wilkinson (DJK Quotes)
Jessie Wood (Managing Editor)
Dave Zwieback (Chief Technology Officer & Web Master)
Bryan Rowe, Eva Thomas,
Simon Thomas, Doris Wolter

Dzongsar Khyentse Chökyi Lodrō Institute, India
Amelia Chow (Coordinator),
Khenpo Jamyang Khyentse (Secretary to the Institute),
Ugyen Rangdol (Under-Secretary to the Institute),
Pema Wangchuk (India Liaison),
Dr. Rob & Julie MacLachlan (Medical Services),
Suzie Erbacher (English Programs Faculty)

TBRC and Digital Library
Alak Zenkar Rinpoche
Gene Smith, David Lunsford,
Isaiah Seret, Jeff Wallman

Academic Endowments in Buddhist Studies
Cangioli Che, Richard Dixey, Steven
Goodman, Gene Smith, Kris Yao

Global University Research Advisors:
Richard Dixey, Steven Goodman,
Peter Skilling, Gene Smith
Research Director, Sydney Jay
Research Coordinator: Lynn Hoberg
Project coordinator: Isaiah Seret

Interim Working Committee on Buddhist Literary Heritage Project (BLHP)
Dzongsar Khyentse Rinpoche (Chair),
Huang Jing Rui (Executive Director),
Ani Kunga Chodron, John Canti,
Steven Goodman, Gene Smith,
Ivy Ang (Planning Consultant),
Cangioli Che (KF Liaison)

Consultants
Ivy Ang (Strategic Planning)
Sharon Roe (Communications)
Ron Schultz (Publishing)

Legal Counsel
Alexander Halpern LLC
Boulder, Colorado, USA

Auditor
James E. Richman, CPA, PC
Portland, Oregon, USA

Except for our legal counsel and auditor, all Khyentse Foundation team members serve as volunteers.
Core Purpose

Promote the Buddha’s teachings of wisdom and compassion for the benefit of all people.

Mission

Build a system of patronage to support the study and practice of the Buddha’s teachings.