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Additional information available upon request:
Full set of audited financial statements for the year ended June 30, 2012
Investment policy and guidelines for KF endowments as of December 31, 2012

Design by Maryann Lipaj

Cover: Manjushri, the Bodhisattva of Wisdom, holds a sword in his right hand. The sword cuts through ignorance, ego, and self-created obstacles. In his left hand, he holds the Prajna Paramita (Perfection of Wisdom) Sutra.

Khyentse Foundation’s logo is Ashoka’s lion. King Ashoka reigned during the Mauryan Empire (3rd century B.C.), one of Buddhism’s golden eras. His trademark was the pillars inscribed with Buddhist teachings that he erected throughout his kingdom.
“WE HAVE NO OTHER MISSION BUT TO HELP AND PROTECT THE DHARMA”

A Message from Rinpoche

This is to remind ourselves: We have no other mission but to help and protect the Dharma, whatever lineage it is, not just the lineages in the Tibetan tradition but wherever it is, in different parts of the world, all the different traditions. And this vision and this mission, to help protect, generate, propagate, and strengthen the life and the force of Buddhadharma, is something that we have to treasure, uphold, and remind ourselves of again and again.

The great Longchenpa said, When the moon rises and when there is a clear lake, even though you may not wish it, the moon is reflected in the lake. Likewise, as long as sentient beings have merit, the image of the Buddha and his teachings and his blessing are reflected, even though you don’t search for them. But if the lake is murky and defiled and not clear, even though the moon is shining in the clear sky, the reflection of the moon doesn’t exist.

Likewise, even though the compassion of the Buddha is infinite and ever-present, if there is no merit among sentient beings for the Buddhas to reflect, then the chance of communication with the Buddha probably does not exist. However, judging not just from us, but from everything that is going on regarding the activity of the Dharma, I feel that we sentient beings still have a lot of merit.

We have so many challenges. Outer challenges, yes, but more strongly we have inner challenges. We live in such a dynamic, powerful, materialistic world. And yet we still find practitioners, we still find people who are curious about what Buddha said, what Buddha did. And this alone is a big encouragement for us to continue to do what we are doing.

Dzongsar Jamyang Khyentse Rinpoche in Spiti Valley, Himachal Pradesh, India. Photo by Pawo Choyning Dorji
Flower offerings at the Mahabodhi stupa. Photo by Pawo Choyning Dorji
Shechen Monastery in Bodhgaya, just steps from the Mahabodhi stupa, was the inspiring location for the October 25 and 26, 2012, meeting of the Khyentse Foundation Board of Directors. The monastery shrine room, where the meetings were held, is presided over by images of the Buddha and Dilgo Khyentse Rinpoche. In addition to the board members and advisors, for the first time some of the meetings were open to about 150 team members and KF supporters, who heard reports from directors and team members about the foundation’s current activities and about Rinpoche’s big vision for the future.

In his introductory remarks, Rinpoche said, “We often talk about putting the Dharma into practice. It’s very important to consider coming here [to Bodhgaya] not only for a holy-land pilgrimage but to participate in this meeting and spend this time together digging into ideas and discussing and brainstorming. With the right motivation, this thing we are about to do, this very action, can be considered as a practice.”

Kicking off the open sessions, executive director Cangioli Che reviewed the principles that guide all KF activities: The foundation is a nonsectarian, collaborative, volunteer, no-frills organization that funds people and projects, not buildings.

Cangioli also outlined some basic ideas and direction for the major programs envisioned for the next decade. These programs and projects are described in “Programs and Activities 2012.”

- **Nurturing the source:** Monastic education, text preservation, revitalizing the teachings in traditional Buddhist countries, and translation projects

- **Training for the future:** Scholarships and awards, training leaders and teachers for a new world, Buddhist education for both children and adults, and expanded academia initiative

Following Cangioli’s overview, directors, team members, and guests presented activity reports, described later in this report.

By the end of the day, everyone—directors, advisers, team members, and guests alike—was filled with renewed inspiration, dedication, and energy to fulfill Rinpoche’s aspirations for Khyentse Foundation’s next 10 years.

In introducing Professor Peter Skilling, who spoke on the importance of the academic study of Buddhism, Rinpoche made the following remarks, which seem to apply equally to the activities of Khyentse Foundation.

“There’s an assumption that upholding the Buddhadharma is usually the responsibility of the ordained sangha; and especially in the Tibetan tradition, there is an assumption that it is usually done by high-ranking, recognized reincarnate lamas. But this is a bit of a misunderstanding, because we know that for centuries many people have worked hard, silently, without any decorations or titles, wholeheartedly, giving everything to the Buddhadharma. And it is because of these people that the Buddhadharma has survived.”
IS KHYENTSE FOUNDATION RICH OR POOR?

Question to Rinpoche

During the open session of the KF board meeting in Bodhgaya, October 2012, a student asked Rinpoche this question. Here is his response.

Question: Most people think that KF is very rich and that Rinpoche is very rich. Why?

Rinpoche: I hear that a lot of people perceive Khyentse Foundation as a very rich organization. Even when we started KF, when we opted not to limit our support to projects of one specific lineage, one school under one guru, and when we chose instead to go beyond, beyond the Tibetan parameter, beyond the Vajrayana scope, I already thought there would be this image of KF having so much to give.

I think that even on an ordinary level, it happens that very generous people are often looked upon as being quite rich, even though they may not be. This is why I urge KF to be as transparent as possible. Whether we are rich or poor is very relative, but it’s really important for people to be able to look at our accounts and see what comes in, what goes out.

I’m not so worried about KF’s image, but sometimes I worry about the image of being a totalitarian myself. Because the people who work for KF, as you can see from the reports, are all volunteers. KF spends next to nothing on administration, and in fact the people who work for me also give the most money. So I will go down in history as one of the most tyrannical bosses: I have people work for me and I let them donate also!

Finally, as Vajrayana practitioners, we believe in tendrel, auspicious circumstances, and if people believe that we are rich, let it be an auspicious tendrel so that we will be really rich.

THE WEALTH OF KHYENTSE FOUNDATION

Reflections from Cangioli Che, Executive Director

I had always wanted to address the perception of whether Khyentse Foundation is rich or poor. As usual, Rinpoche provided the best answer. In addition to Rinpoche’s wise response, I would add that people perceive KF as rich because we have an endowment, so I would like to explain a bit about how an endowment works and why the Foundation has one.

Rinpoche’s vision to support Buddhadharma is vast in scope and time. To provide an ongoing source of funds for the many immediate and long-term projects that Rinpoche has identified, the Foundation has followed in the footsteps of many other nonprofit organizations and established an endowment fund.

An endowment is a restricted fund that assures a stable flow of income every year. The money in the endowment is invested carefully, and only a predetermined percentage of the investment income is spent each year on projects. The remaining income is reinvested, and together with the principal amount, remains as the endowment in order to generate ongoing income.

With generous support from Rinpoche’s students and friends, the Foundation has raised about US$20 million...
during the past 11 years—close to $10 million in the endowment fund and $10 million in grants given, including grants to 84000.

The endowment was created to provide ongoing funding for our two most fundamental support systems:

- **Monastic education** supports more than 2,000 monks and nuns in study and retreat in various monasteries and shedras in China, India, and Bhutan, with the objective of producing qualified, authentic Buddhist teachers to the world.

- **Scholarships** provide financial assistance to a growing number of students and practitioners worldwide in all Buddhist traditions and lineages to ensure that the Buddhadharma is accessible to all who seek it.

As KF’s activities expand to more areas in nurturing the source of Buddhist heritages and training the next generations, increased endowed funds, as well as annual program grants, will be needed to strengthen our ability to realize Rinpoche’s aspiration to support the longevity of the Buddhadharma. We believe that one of the best ways of ensuring that there will be funds available for Rinpoche to work with is for the Foundation to maintain a robust endowment fund.

Rinpoche often talks about our “poverty mentality,” which limits our vision, and he teaches that aspiration is not the same as greed. Apart from material wealth, I can vouch for the wealth of the Foundation in terms of human resources. Although the Foundation could not be where it is today without the financial support of our sponsors, I continue to be amazed by the dedication, talent, and hard work of our many volunteers, who work cheerfully and with devotion in addition to the many activities of their busy lives.

In my role as executive director, I often work on KF projects with many volunteers with different skills and expertise, often collaborating through the Internet to overcome the miles that separate us. With sheer determination and good intention, we are able to accomplish many missions impossible. Kudos to the KF volunteer team—the backbone and the most valuable asset of the Foundation. Thank you all!

So YES: KF is very rich! KF is rich in having a visionary leader with the highest aspiration and a wealth of men and women powered by the intention and dedication to help realize that aspiration.

Cangioli Che  
Executive Director
"We do not build monasteries. We build people."

“We should preserve the existing mother-like Buddhist world, in countries such as India, China, Cambodia, and Thailand. And then we should look at supporting the child-like Buddhist world in areas such as America and Europe where Buddhism is growing rapidly.”

—Dzongsar Khyentse Rinpoche

Following Rinpoche’s guiding light, Khyentse Foundation focuses on securing and stabilizing the source of the Buddhist wisdom tradition and shaping its future through education. Our activities can be categorized into two groups: nurturing the source and training for the future.

NURTURING THE SOURCE

MONASTIC EDUCATION

Traditionally, monastic universities (shedras) have maintained the most stringent standards of academic excellence in Buddhist studies. To secure and strengthen this tradition, which trains Buddhist scholars and teachers to serve the world, Khyentse Foundation has created an endowment for the ongoing support of Rinpoche’s monastic colleges in China, India, and Bhutan. The Foundation provided more than US$600,000 in support to monastic institutes during the year. More than half of the funds were contributed directly by individual sponsors to the institutes, as arranged by Khyentse Foundation.

Dzongsar China

In 2012, KF continued to provide partial living support to the monks, nuns, and long-term retreatants at Dzongsar Monastery, Dzongsar Khamje Institute (Shedra), GarGu, and Dangcang retreat centers, and the village monasteries at Ngamona and Tsawo Ritsod. The number of people supported by Dzongsar China has increased significantly, from approximately 1,000 in 2010 to more than 1,600 in 2012, resulting in a corresponding increase in KF support.

In addition to basic living subsidies, the Foundation also funded Chinese language classes, Tibetan typesetting and computer programs, and training and equipment purchase for document recovery projects.

Dzongsar India

KF continued to fully support the basic food and living expenses of close to 600 students, khenpos, teachers, and staff at the Dzongsar Khyentse Chökyi Lodrö Institute in Chauntra, Himachal Pradesh, India. The Foundation also funds administration expenses, including salaries for teachers and general staff, library acquisitions, and office supplies.

Sound system. To prepare for Rinpoche’s historic three-month Dam Nyak Dzo transmissions, which began at DKCLI in November, KF invested in equipping the main temple with a custom sound system so that this
and future events could be properly broadcast and archived. KF also sponsored teams of translators to simultaneously translate Rinpoche’s teachings from Tibetan to English and Chinese. More than 1,500 participants from all over the world benefited from these arrangements.

**Medical clinic.** KF continued to fund the on-campus medical clinic to serve the essential primary and preventive health care needs of the monastery and nearby villagers. The clinic has a full-time nurse and visiting doctors on site twice a week. The clinic averages 657 visits per month, handling a variety of ailments such as colds, flu, and gastric and respiratory problems.

**English program.** Since 2006, Khyentse Foundation has funded the operation of the English language program at DKCLI. Graduates of the institute carry a wealth of Dharma knowledge, and being able to speak English gives them the opportunity to benefit many more people through teaching and translation. In March 2012, the khenpos of the institute decided to expand the program as part of a series of curriculum changes to bring the monastery into the 21st century.

The institute’s English program has more than doubled in size in the past year, growing from 27 participants in 2011 to 59 in mid-2012. Monks have two hours of English instruction every day, plus time in the computer lab. Twice a week, they enjoy an English movie night. The teachers are a mix of local Tibetans, Indians, and westerners.

In 2012, the English program started to provide overseas language training opportunities to selected students, starting with Khenpo Jamyang Khyentse, who studied English for 6 months in Singapore. A leadership program was also conducted at the institute. (See “Leadership and Teacher Training.”)

**CGI Bhutan.** KF started to support the 108 monks at Chökyi Gyatso Institute for the study of Buddhist philosophy in Dewathang, Bhutan, another monastic college under Rinpoche’s patronage.

**TEXT PRESERVATION**

Khyentse Foundation identifies and supports like-minded organizations that are engaged in the preservation of seminal Buddhist texts in Tibetan, Pali, Sanskrit, and other Asian languages. As well as the Buddha’s teachings, many of these texts contain rich historical detail about such topics as metaphysics, ethics, philosophy, psychology, medicine, poetry, and art.

**Tibetan Buddhist Resource Center**

Khyentse Foundation is committed to supporting the work of the Tibetan Buddhist Resource Center (TBRC) and continuing the legacy of its founder, the late Gene Smith, by preserving, organizing, and disseminating Tibetan Buddhist literature. Using the latest digital technology, TBRC is helping to ensure that the treasures of this world wisdom heritage will not be lost or endangered again due to political, social, or natural disasters.
TBRC Executive Director Jeff Wallman writes, “2012 was a busy, successful, and transformative time for TBRC. We found a new home. In May 2012, we moved into our new offices in Harvard Square, Cambridge, Massachusetts, with a renewed sense of mission and purpose.

“We’ve started an exciting student internship program in collaboration with the Harvard Divinity School and the Department of South Asian Studies at Harvard University and have set up a public kiosk and seminar room so that students and visitors can use TBRC’s library resources and consult with staff on site.

“Our new location in the United States is complemented by our new office in Chengdu, China at the University of Southwest Nationalities. The university is the new home of the E. Gene Smith Library, which contains Gene’s personal collection of pecha. We have completed scanning this material, and it was Gene’s wish that these precious texts be returned to China and made available to all who wish to read them.

“Also in 2012, we released a new version of our website and online library. Our internationalized website is now in seven languages – English, Tibetan, Chinese, Japanese, German, French, and Russian.

“From January 1, 2012 to November 2012, we scanned 636 volumes in 365 works. We now have 16,910 volumes in 7,068 works, totaling nearly 9 million pages.”

Fragile Palm Leaves Foundation
In October 2012, at Shechen Monastery in Bodhgaya Dzongsar Khyentse Rinpoche and Khyentse Foundation announced the appointment of Professor Peter Skilling as a Khyentse Foundation Fellow in recognition of his tremendous contributions to Buddhist scholarship.

Khyentse Foundation supports the preservation initiative led by Professor Skilling of the Fragile Palm Leaves Foundation (FPL), a nonprofit foundation based in Bangkok, Thailand. The aim of FPL is to preserve ancient Buddhist manuscripts and make them available through replication. The project’s collection includes manuscripts in Pali and several Southeast Asian languages, including Burmese, Shan, Tai Khun, Tai Lue, and Mon. These manuscripts are in a variety of formats, primarily on palm leaf but also on paper and other materials.

KF grants aid the day-to-day operation of FPL. In addition to supporting 84000: Translating the Words of the Buddha and the Tibetan Buddhist Resource Center, KF’s support for the Fragile Palm Leaves Foundation is an important part of our commitment to ensuring the preservation and accessibility of the literary heritage of all Buddhist traditions for centuries to come.

To access the FPL data bank, which contains a large number of Pali-language and Burmese-language books as well as a list of FPL publications, go to http://fpl.tusita.org.

REVITALIZING BUDDHIST TRADITIONS
To ensure the survival of all the great Buddhist lineages and schools, as well as the Buddhadharma in general, Khyentse Foundation is taking serious measures to revitalize the Buddhist heritage through education in traditionally Buddhist countries such as India, China,
The first program organized by KF-India was the Medical Week, offered in cooperation with the clinic at DKCLI, which has been operational since 2003. In August 2012, KF-India sponsored a free week-long medical camp to serve the local community. A record 685 patients from nearby villages, both Indian and Tibetan, took advantage of the free consultations and high-quality medicines.

“Judging from the number of patients who have come here, it has been very successful. Also, the patients are feeling better; that is why many of them have come back for a follow-up,” said Dr. Abhishek Sharma, the doctor in charge of the camp. In response to requests from many patients, KF-India plans to offer the medical camp every year.

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**KF-India**

KF is making special efforts to revive the Buddhist heritage in India, the source of the great river of Buddhism—the place where Shakyamuni Buddha was born, achieved enlightenment, and taught for 45 years before passing into parinirvana.

In line with Rinpoche’s wish to expand the Foundation’s support for new projects in India, and to facilitate present activities, KF-India was incorporated by the Ministry of Corporate Affairs in October 2011, held its first board meeting in Bodhgaya in October 2012, and received tax exempt status in November 2012.

**Kangyur Translation**

In 2009, Khyentse Foundation initiated the effort to translate the Kangyur (the Tibetan canon of the Buddha’s words) into English. Through the hard work and generosity of many supporters, this initiative evolved into 84000: Translating the Words of the Buddha, which is expected to become an independent, global, nonprofit organization in mid-2013.
The Foundation is currently exploring the translation of the Kangyur into other languages in addition to English. In May 2012, KF hosted a planning workshop in Hong Kong to explore the feasibility of the cross-translation of the two most important Buddhist canons, the Kangyur and the Chinese Tripitaka. The workshop was attended by scholars and representatives from Bhutan, China, France, Germany, Hong Kong, India, Singapore, Taiwan, and the United States.

A liaison group was formed to prepare the groundwork for the translation of the Kangyur from Tibetan to Chinese. Also as an outcome of the workshop, a KF-sponsored pilot project to translate the Ksitigarbha Sutra and the Amitabha Sutra from Chinese into Tibetan is now in progress under the supervision of Alak Zenkar Rinpoche (Tudeng Nima).

**Other Projects, Other Languages**

The Foundation continues to initiate, develop, and support translation ventures by connecting and networking with other organizations and translators who share our aspiration to bring the Buddha’s teachings to the people of the world in their own languages. KF sponsored the following translation projects in 2012:

- The Kalachakra Cultural Center for translation of the Kangyur from classical Mongolian to modern colloquial Mongolian.

- The Mani Foundation for the translation from English to Polish of two essential Buddhist texts by Jamgon Mipham Rinpoche. These texts are required reading for students in the eight-year shedra program led by HH Gangteng Tulku Rinpoche in Poznan, Poland.

- Dr. John Ning Qiang Wu for the translation of major works of the Khyentse lineage into Chinese under the supervision of Khenpo Phuntshok Namgyal of Dzongsar Shedra in Sichuan. These works, each more than a dozen volumes in Tibetan, include *The Transmissions of Khyentse* and *The Collection of Sadhanas* by Jamyang Khyentse Wangpo and *The Treasury of Spiritual Instruction* by Jamgön Kongtrul.

**Translator Training**

The most immediate obstacle to translating the words of the Buddha into many languages is the lack of qualified and knowledgeable translators. Therefore the Foundation is committed to supporting programs to train the next generation of Dharma translators through collaborations with various academic and Buddhist institutions. The KF scholarship programs also provide direct financial support for aspiring translators and Buddhist scholars.

As an outcome of the translation workshop in Hong Kong, as the result of requests from the 84000 editors, and in synergy with our academic development programs, plans are now in progress with Dharma Drum University in Taiwan, the University of Vienna, and Rangjung Yeshe Institute in Kathmandu to develop and design programs for Buddhist translation studies to meet the urgent need for Buddhist translators in general and 84000 in particular.
TRAINING FOR THE FUTURE

SCHOLARSHIPS AND AWARDS
Since 2005, scholarships have been Khyentse Foundation’s top priority. This endowment program supports institutions engaged in the preservation of the Dharma and enables individuals to further their Buddhist study and practice.

There are four categories of KF scholarships and awards:

1. Scholarships to support individuals attending teachings by Rinpoche and retreat programs guided by him.

2. Open application scholarships to support individuals and organizations in their study or practice. In 2012, KF received about 100 applications, and scholarships were awarded to 22 recipients around the world, from India to China, from Europe to Mexico, from North America to South America. We received more applications from Theravadin countries than from any other part of the world. There were also a significant number of applicants from Bangladesh who wish to study in Thailand and return to help propagate Buddhism in their Muslim country.

3. Khyentse Foundation awards:
   - The Khyentse Foundation Award for Excellence in Buddhist Studies has now been awarded to more than 20 students in 10 universities worldwide.
   - Khyentse Foundation Fellowships recognize individuals who make a significant and outstanding contribution in preserving, propagating, nourishing, and strengthening the longevity of Buddhadharma, and/or in Buddhist scholarship, study, and research. The 2012 recipient is KF Advisor Professor Peter Skilling.
   - The Khyentse Foundation Prize for Outstanding Translation recognizes outstanding translations of Buddhist texts. Initiated by KF Fellow Peter Skilling, the prize recognizes works that expand the accessibility of all Buddhist traditions to the entire world.

The first recipients of the KF Prize for Outstanding Translation were Professor Todd Lewis of Holy Cross University (Worchester, Massachusetts) and Subarna Man Tuladar of Nepal Bhasa Institute, for their translation from Newari into English of Sugata Saurabha: An Epic Poem from Nepal on the Life of the Buddha by the Nepali poet Chittadhar Hridaya (Oxford University Press, 2010). Dzongsar Khyentse Rinpoche and Professor Peter Skilling presented the award in Bodhgaya.

4. Scholarships established in collaboration with Buddhist institutions:
   - Rangjung Yeshe Institute in Kathmandu, Nepal. There are three components to the financial aid program: scholarships for ordained sangha, regular scholarships, and work-study assistance. In 2012, a total of 27 students received support for their studies at RYI.
   - Khmer-Buddhist Education Assistance Project (KEAP). Since 2006, KF has partnered with KEAP to

Left: Mani Foundation, Poznan, Poland. Center left: Subarna Man Tuladar receives the KF Prize for Outstanding Translation. Center right: Buddhist texts translated from classical to modern Mongolian by monks at the Kalachakra Cultural Center (right).
provide scholarships for Cambodian monks to pursue postgraduate education in Buddhist studies. In 2011-12, five students were receiving support. The Foundation and KEAP plan to award six postgraduate scholarships each year to qualified Cambodian monastic graduates. As the monks graduate and return to Cambodia, they are dedicated to reestablishing Theravadin Buddhism in their country.

**LEADERSHIP AND TEACHER TRAINING**

Khyentse Foundation believes that the next generation of Buddhist teachers, tulkus, lamas, and scholars (lay and monastic, eastern and western, male and female) has an historic opportunity to make a positive impact on society at large, as well as a tremendous responsibility to serve and nurture the Buddha’s wisdom tradition.

In the Tibetan Buddhist tradition, tulkus are trained to become Dharma teachers, thoroughly educated by dedicated tutors and contemporary masters. Today, many also learn English in order to teach in the West. Eventually, most will also be expected to run their own monasteries, retreat centers, or institutes of learning. But although their Buddhist training is rigorous, few have the leadership and management skills required to manage these institutions and to facilitate their interaction with western students and organizations. They may also lack the planning and time-management skills to maximize their contributions in the secular world.

In 2010, Rinpoche asked Chris and Sydney Jay (sangha members who are professional consultants) to design a leadership and management program “to bring the monks into the 21st century.” They developed a program with three broad elements: structured problem solving, relationship skills, and self-awareness. Khyentse Foundation sponsored two 10-day workshops for the khenpos and tulkus at Dzongsar Institute in Chauntra in November 2011 and October 2012.

In 2012, Chris and Sydney brought in a new faculty member, Rajiv Ball, who is a partner of McKinsey & Company and a fellow in McKinsey’s Global Leadership Forum. In the workshop, they used role playing to practice the skills of listening, asking questions, and asserting. They also presented the Myers-Briggs Type Indicator—almost certainly for the first time in Tibetan.

These workshops are the beginning of an integrated long-term program to instill best practices from modern business leadership, customized for the needs of future Buddhist teachers and leaders. This training will also prepare and enable some of them to attend leadership training courses at world-class universities.

In addition, efforts were made to provide language training opportunities and overseas living experiences for khenpos and tulkus in Singapore, Australia, the United Kingdom, and the United States.

**Youth Development**

As part of its ongoing leadership training initiative to empower a new generation of Dharma students and teachers, KF is strengthening its support for youth development programs, such as summer camps and shamatha retreats for Mongolian youth, as well as workshops and conferences for young Buddhist leaders and volunteers from different countries.
BUDDHIST EDUCATION
Developing New Models
Rinpoche has consistently urged Khyentse Foundation to develop new models of curricula, based on Buddhist principles of compassion and nonviolence, coupled with academic excellence.

Deer Park Institute, Bir, India
Deer Park is a center for the study of classical Indian wisdom traditions based on the spirit of Nalanda, the great Buddhist university of ancient India, in which all traditions of Buddhism were studied and practiced, along with other schools of classical Indian philosophy, arts, and sciences. The Institute is open to lay students from India and all over the world.

One of Deer Park’s core programs is Nalanda Studies, a multi-semester program anchored in Buddhism and other classical Indian philosophies, classical language studies, and meditation teachings and retreats, with supplementary courses in contemplative arts, culture, and healing. The second core program is a community program that includes training in ecology, local wisdom, English language, and engaged Buddhism.

In 2012, Deer Park held 34 courses that were attended by 1,300 students of different faiths and backgrounds, and from 50 different countries. The institute has also initiated a Zero Waste Project and collaborates with the local community in teaching about the environment and how to stop pollution.

Lhomon Education, Bhutan: Integrating Buddhist and Secular Education
The Lhomon Society, founded in Bhutan by Dzongsar Khyentse Rinpoche in 2010, has five areas of activity: appropriate technology, organic agriculture, zero waste, youth engagement, and education. In alignment with these activities, Lhomon Education (LME) is developing a holistic, integrated alternative curriculum for Bhutanese students. Each of the twelve education units has a companion Dharma unit, with subjects such as the five aggregates, bodhicitta, and karma. The twelve Dharma units are being developed by a team that includes Drubgyud Tenzing Rinpoche, Khenpo Sonam Tashi, Lama Sonam Phuntshok, Wyatt Arnold, and Noa Jones. LME is also conducting teacher training such as the Meditation Camp for Bhutanese Educators.

Rinpoche offered Chökyi Gyatso Institute (his monastery in Dewathang, East Bhutan) as a laboratory for developing and testing the new curriculum. Khyentse Foundation is supporting the implementation of a 4-year program of secular education with a pilot group of 20 novice monks at CGI. If the model is successful, it is hoped that the flexible structure can be used in other parts of Bhutan and even in other countries to integrate Buddhist and secular education.

The Bhutan Nuns Foundation is using the LME framework and trainings to develop a secular education program for nuns in East Bhutan. Many girls and women in Bhutan enter nunneries to gain an education and escape poverty and abuse. They are very involved...
in local communities, often helping needy families and serving as role models for other girls and women.

**Santi Sena Buddhist Primary Schools, Cambodia**

Svay Rieng province is one of the poorest areas of Cambodia, with few schools or libraries. Initiated by Ven. Dr. Nhèm Kim Teng, founder and spiritual director of Santi Sena (Peace Army), and partially funded by KF, six pilot Buddhist primary schools have been established in the province. These pilot schools have inspired participation and support from the local community, educators, Buddhist leaders, and government departments.

Glenn Fawcett, director of field operations at KF’s sister organization Lotus Outreach, assists in overseeing this project in Cambodia. Glenn writes, “It’s very satisfying to see how the Buddhist Primary Schools project has become a collaborative program supported at a structural level by the Cambodian government, with strong support and participation from local village communities, implemented by a pagoda-based Cambodian development organization, with funding and technical support from Khyentse Foundation.”

**ACADEMIC DEVELOPMENT**

As Buddhism expands in the West, it’s important to make sure that authentic Buddhist studies are included at the highest level of academia. In the East, this degree of academic excellence historically existed only in monasteries and Dharma centers. For Buddhism to take root in the West, it is imperative for rigorous academic scholarship to exist in major universities. Khyentse Foundation has a successful record of supporting academic development, including the Khyentse Chair of Buddhist Studies at the University of California at Berkeley in 2008 and the Khyentse Center for Buddhist Textual Scholarship at Hamburg University in 2010.

The past year saw an important milestone for academic development. In October 2012, the KF board approved plans to set up a special Academic Development Fund to expand its support for Buddhist Studies programs in universities. A working committee with Professors Peter Skilling, Robert Sharf, and Steven Goodman as advisors was formed to initiate, review, assess, and develop projects in this area.

In addition to supporting established institutions in western academia, our objective is to strengthen Buddhist studies in formerly Buddhist countries, such as India, China, Mongolia, Cambodia, and even Afghanistan, Pakistan, and Indonesia, as well as in countries that are not traditionally Buddhist but where interest is high, such as Bulgaria, Poland, and Hungary.

The foundation is now in the final stages of discussion with a number of academic institutions regarding potential collaborative support programs, including the University of Vienna in Austria, Pune University in India, Rangjung Yeshe Institute in Nepal, Eötvös Loránd University in Hungary, and the National University of Mongolia. Other new initiatives are also being explored and developed.

Two recipients of the KF Award for Excellence in Buddhist Studies. Left: Dagmar Schwerk with her professors at the University of Hamburg. Center: Kellie Marie Powell, UC Berkeley, with Prof. Robert Sharf and KF Executive Director Cangioli Che. Photo by Jeff Roe. Right: Prof. Anne Klein and students of Tibetan at Rice University, recipient of a project-based grant from the GeoFamily Foundation, administered by KF.
84000 celebrated Losar 2012 and the beginning of our third year with the launch of the online reading room at read.84000.co. Built in partnership with the Tibetan Buddhist Resource Center, the reading room uses state-of-the-art technology to provide an immersive online reading environment with interactive functions such as the three-language glossary (Sanskrit, English, and Tibetan). Eight completed translations (99 pages) are available in the reading room, for people to access online or to download as PDFs. For the first time, the titles of all 1,169 texts in the Kangyur were translated into English and made available in the three languages.

The third translation grant cycle, which opened in April, received an enthusiastic response from 24 translation teams, including teams that had prior working relationships with us (such as Dharmachakra Translation Committee and the University of Vienna), as well as first-time applicants (such as the University of Calgary, the University of the West, Nalanda Translation Committee, and Sera Jey Monastic University). By the end of 2012, we were funding 136 translators from all over the world to translate a total of 99 texts, or 9,980 pages. More than 15% of the Kangyur is now being translated from classical Tibetan into English.

With the translations now available, we organized two sutra “resounding” events, where people gathered to read the words of the Buddha aloud in English. A pilot event, Found in Translation: An 84000 Sutra Resounding, was held in Washington, D.C. on May 17. About 50 people participated in this event, which was jointly organized and sponsored by the International Network of Engaged Buddhists, Rigpa Washington D.C., Sakya Phuntsok Ling, WeChi, and an anonymous foundation. An 84000 Sutra Resounding: Reading the Words of the Buddha under the Bodhi Tree was held in Bodhgaya, India, on October 28. About 300 people joined in to read aloud the words of the Buddha at the holy site of his enlightenment.

The working committee met in October to review 84000’s transition plan for independence from KF, and to discuss policies and strategies. The meeting was hosted by Shechen Monastery in Bodhgaya. David Lunsford, Professor Peter Skilling, Khenpo Choying Dorjee, and Drubgyud Tenzin Rinpoche were invited to participate in the meetings to lend their different perspectives on our technological plan, the editorial process, and the involvement of Indo-Himalayan scholars. Meetings were set up with translator training institutions to discuss training needs and to explore ways to collaborate and provide mutual support in the longer term.

Through the generosity of our donors, we have achieved good financial health, with a financial reserve of two years. This was made possible by contributions from 96 founding sponsors and more than a thousand page sponsors. Our efforts to engage foundations in North America have also borne fruit, with grants received from the Gere Foundation, the Hershey Family Foundation, and the A&A Foundation. Building on our solid base, 84000 will continue to keep up our momentum in the coming years to move toward our 25-year and 100-year goals.
In August of 2011, not long after Khyentse Foundation’s tenth anniversary celebration, the seed for a formal development program for the Foundation was planted during a meeting in a beautiful California surrounding of redwood trees and warm summer breezes. The program was inspired by Rinpoche’s vast vision and aspirations to expand his activities in the coming years, to benefit beings through the preservation and propagation of the Buddhadharma.

Over the next year and a half, passionate Khyentse Foundation team members nurtured the concept, tirelessly working out the details of the program, with the support of generous sponsors who pledged future donations even before the program was officially introduced. The seed took root as a program named “In Manjushri’s Service” (IMS). The name reflects the close connection between Manjushri, the Bodhisattva of Wisdom, and the Khyentse lineage gurus.

IMS is a vehicle for Rinpoche’s far-reaching vision. Any individual, group, or organization who has ever given, is giving, or will give to Khyentse Foundation on a one-time basis, on a monthly basis, or as a matching funds donor, is already recognized and appreciated as belonging to one of these categories:

**Sponsor of Manjushri:** A one-time donor of any amount.

**Friend of Manjushri:** A monthly donor of any amount, matched dollar for dollar by the Patrons of Manjushri.

**Patron of Manjushri:** A matching-fund sponsor for the donations made by Friends of Manjushri. There are five levels of patronage, named after the five Mount Wutai peaks: Splendor, Hanging Moon, Overlooking the Sea, Jade Rock, and Flourishing Leaves. (Mount Wutai is known as the Abode of Manjushri.)

The great Tibetan yogi-saint Milarepa said that “the practitioner in the cave and the patron in the city will reach enlightenment together.” Members of the IMS circle can take satisfaction in the knowledge that their generosity is creating the favorable conditions that support and further Buddhist study and practice worldwide.

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Rinpoché wanted to hold the 2012 meeting of the Khyentse Foundation Board of Directors in Bodhgaya, the place of the Buddha’s enlightenment, for the inspiration that is everywhere evident in that sacred location. He opened the meeting with words of appreciation for the participants and the Khyentse Foundation community.

Let us begin with the right motivation [for Khyentse Foundation] to be a cause for a lot of beings to have proper understanding of the Buddhadharma—and not only understanding; may they put this into practice and in turn help many more.

I believe that as long as sentient beings have the merit to receive the blessing of the Buddha, to enjoy the blessing of the Dharma and its living tradition, the Dharma will continue to flourish. Our juggling with ideas, planning, meetings, conferences, minutes, none of this at the end will do much. At the end, it is our merit to tap into the merit of the buddhas and bodhisattvas of the past and the present and the future. Only that will give us the merit to continue to enjoy the shadow, the blessing of the Buddha, Dharma, and Sangha.

Thank you for working, thank you for giving, thank you for everything. And I have to thank you also for planning to give, planning to work, and continuously planning to sweat. I’m taking all your help and all your concern and all your good wishes as a manifestation of the buddhas and bodhisattvas.
The year started on a positive global growth note with markets at full speed; but it was all over by April when another wave of fear about the European Union broke and wiped away the gains. After the European Central Bank reassured the world that financial institutions would receive enough aid and the U.S. Federal Reserve implemented another round of its quantitative easing policy to support the weak American economic recovery, markets rallied.

The main motivator of higher prices in risk assets in the past years has been the central banks’ interventions on their respective economies through monetary policy, thereby shifting investment focus from economics and growth into politics and central bank announcements.

Generally speaking, interest rates are set by central banks to provide liquidity when it’s needed and to reduce liquidity when the economy has an excess of it and is “overheating.” The objective is to stimulate economic growth, investing, and risk taking. Today, the U.S. Federal Reserve and its counterparts around the world (the European Central Bank, the Bank of Japan, Swiss National Bank, People’s Bank of China) are conducting quantitative easing via permanent open market operations to inject liquidity into markets by purchasing various government bonds. The intention is to add even more liquidity than low interest rates have provided. These operations have partially had their intended effect, raising equity prices, but the jury is still out on their long-term effectiveness and unintended consequences.

Although 2012 was not an easy year for investing, the Investment Committee is glad to announce that the Khyentse Foundation portfolio returned 10.1%, beating the synthetic benchmark return of 7.9% one more time, and resuming our track record of superior performance with lower volatility.

The total portfolio at the end of 2012 amounted to US$11.7 million, including donations that are earmarked for $40000. Our expense ratio remained insignificant at 0.18%, and the turnover ratio was 9%. Figure 1 shows the asset allocation at the end of the year.

**FIXED INCOME**

As the U.S. Federal Reserve kept interest rates at record lows, investors continued to move into fixed income investments. Investors took around $150 billion from equities in 2012, while bond funds have seen an increase of almost $1 trillion.

The Khyentse Foundation fixed income portfolio returned 17.1%, better than equities and also better than all fixed income benchmarks, like the Barclays Global Aggregate, which had a return of 4.3%.

The KF bonds portfolio is very diverse and global, with a focus on corporate issues. During 2012 we added two bond funds to our mix, with short or limited duration. The fixed income portfolio’s average maturity is 8.7 years, with 73% maturing by January 2018 and more than half of that by June 2014.

The portfolio is diversified also in terms of currencies, and we continue to carry exposure to the Canadian dollar, Australian dollar, Brazilian real, Indian rupee, and Chinese renminbi (Figure 2).

**EQUITIES**

The equity portfolio returned 9.8%, while the MSCI World Index (focused on developed nations) returned
13.5% and the Emerging Markets Index was up 15.6%. The reason for our underperformance against these indexes was the poor return of our investments in energy trusts (-15%) and Brazil (+4%), and our gold positions (+3.7%). On the positive side, we had China (+14.5%), India (+25%), and emerging markets (31%) (Figure 3).

Our focus has been on emerging markets and large cap growth in developed markets. We have also added quite a few positions focused on earning income. Throughout the year we increased our equity position, adding Japan and more China.

We are pleased to have been able to deliver a better than expected performance, more in line with our performance in past years. As the Foundation grows, we will continue to focus on returning above 5% as an overall goal, on beating our synthetic benchmark, and on doing that with the least added risk possible.

We would like to thank Rinpoche and our donors for the trust they have given us. We will continue to work hard in order to enable Rinpoche’s vision to be implemented through Khyentse Foundation.

Khyentse Foundation Investment Committee
Isabel Pedrosa, Chair
Amelia Chow
Desmond Chum
Marco Noailles
Angie Tsai
Kelly Yang

Figure 1. Asset allocation

Figure 2. Total currency exposure

Figure 3. Equities by region
# Khyentse Foundation Statement of Financial Position

**As of June 30, 2012**

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

## Assets
- **Cash and Investments**: US$12,867,968
- **Total Assets**: $12,867,968

## Liabilities and Net Assets
- **Non-endowed/Unrestricted Assets**: 30,228
- **Endowment for Monastic Education (Board Directed)**: 5,000,000
- **Endowment for Scholarships (Board Directed)**: 4,700,000
- **84000 Restricted Assets**: 3,075,240
- **Other Temporarily Restricted Assets**: 62,500
- **Total Liabilities and Net Assets**: $12,867,968

## Statement of Activities and Change in Net Assets
For the Year Ended June 30, 2012

### Support and Revenues
- **Contributions, and Other Revenue**: $1,858,782
- **Investments – Realized and Unrealized**: -319,319
- **Restricted Contributions-84000**: 2,082,419
- **Total support and revenue**: 3,621,882

### Expenses

#### Program Expenses:
- **Nurturing the Source**
  - Monastic Education: 213,459
  - Text Preservation: 365,533
  - Translation Projects and Translator Training: 37,854
- **Training for the Future**
  - Scholarships and Awards: 83,059
  - Buddhist Education: 60,155
  - Academic Development: 67,820
  - Special Grants: 44,000
- **84000**: 533,740
- **Total program expenses**: 1,405,620

#### Administrative Management
- **Administrative Management**: 77,078

**Total expenses**: 1,482,698

**Change in Net Assets Current Year**: $2,139,184

Occasionally, some donors to Khyentse Foundation have contributed directly to groups and projects that the Foundation has designated for support. Although these direct sponsorships were inspired and often arranged by the Foundation, they are not included in the Khyentse Foundation financial statements because they were paid directly to the recipients.
KHYENTSE FOUNDATION TEAM LIST

As of December 31, 2012

CHAIR OF THE BOARD OF DIRECTORS
Dzongsar Jamyang Khyentse Rinpoche

ADVISORS
Ding Nai-Chu, Richard Dixey, Steven Goodman, Suresh Jindal, Peter Skilling

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Amelia Chow
Lisa Davison, Secretary
Florence Koh
Marco Noailles, Treasurer
Isabel Pedrosa

Grants Review Committee
Ngodrup Dorje, Chair; Debra Dorje, Steven Goodman, Jakob Leschly

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Advisors to the Investment Committee
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Special Projects
Nancy Lee, Yin-wah Ma

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Bhutan
Rinzin Lhamu, Pem Tshering

Brazil
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Canada
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Germany
Arne Schelling, Doris Wolter

Hong Kong
Alysia Lee, Anita Lee, Jun Xie

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Loekito Hidayat

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Frank Lee, Lee Kwang-hoon

Switzerland
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Taiwan
Chou Su-ching, Stephanie Lai, Kris Yao

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Sarah Wilkinson, DJK Quotes
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Dave Zwieback, Chief Technology Officer & Web Master

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Academic Development
Advisors: Professors Steven Goodman, Peter Skilling, Robert Sharf
Cangioli Che, Chair
Sydney Jay, Research Director
Wyll Arnold, Gregory Forgues, Isaiah Seret, Roland Walter, Florence Koh (on behalf of KF Executive Committee)

Dzongsar Khyentse Chökyi Lodrö Institute, India
Amelia Chow, Coordinator
Khenpo Jamyang Khyentse, Secretary to the Institute
Tashi Norbu, Under-Secretary to the Institute
Pema Wangchuk, India Liaison
Dr. Rob & Julie MacLachlan, Medical Services
Suzie Erbacher, English Program Director
Rahul Lall, English Program Assistant Director

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Huang Jing Rui, Executive Director
Ivy Ang, Planning Consultant
John Canti, Editorial Chair
Cangioli Che, KF Liaison
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Steven Goodman, Tools and Resources Chair
Tom Tillmans, Editor in Chief
Jeff Wallman, Technology Chair

Consultants
Ivy Ang, Strategic Planning

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.
“We have no other mission but to help and protect the Dharma.”

— Dzongsar Jamyang Khyentse Rinpoche