

**Tibet House, Inc.**  
**(a Not-for-Profit Corporation)**  
**Financial Statements**  
**December 31, 2020**

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Independent Auditor's Report

To the Board of Directors of  
Tibet House, Inc.  
(a Not-for-Profit Corporation)

We have audited the accompanying financial statements of Tibet House, Inc. (a Not-for-Profit Corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tibet House, Inc. (a Not-for-Profit Corporation) as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

October 17, 2022



CPA PLLC

**Tibet House, Inc.**  
**(a Not-for-Profit Corporation)**  
**Statement of Financial Position**  
**December 31, 2020**

**Assets**

Current Assets	
Cash	\$ 1,275,670
Prepaid expenses	44,043
Inventory	172,925
Total Current Assets	<u>1,492,638</u>
Other Assets	
Investments	722,530
Property and equipment, net	4,654,513
Total Other Assets	<u>5,377,043</u>
Total Assets	<u><u>\$ 6,869,681</u></u>

**Liabilities and Net Assets**

Current Liabilities	
Accounts payable and accrued expenses	\$ 132,284
Deferred revenue	50,718
Mortgages payable - current portion	22,389
Loan payable	100,000
Advance on conditional contribution - Payroll Protection Plan	253,000
Total Current Liabilities	<u>558,391</u>
Long term liabilities	
Mortgages payable - non current portion	313,951
Total Long-term Liabilities	<u>313,951</u>
Net Assets	
Without donor restrictions	5,959,279
With donor restrictions	38,060
	<u>5,997,339</u>
Total Liabilities and Net Assets	<u><u>\$ 6,869,681</u></u>

See independent auditor's report and accompanying notes to the financial statements.

**Tibet House, Inc.**  
**(a Not-for-Profit Corporation)**  
**Statement of Activities**  
**For the Year Ended December 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenue</b>			
Contributions	\$ 612,804	\$ 12,505	\$ 625,309
Special events	\$ 385,624		
Less: Direct costs of special events	<u>(258,111)</u>		
	127,513	-	127,513
Program Income	1,506,458	-	1,506,458
Rental Income	78,050	-	78,050
Membership fees	34,713	-	34,713
Store sales	261,902		
Cost of sales	<u>(160,938)</u>		
	100,964	-	100,964
Royalties	4,858	-	4,858
Realized gain on marketable securities	53,890	-	53,890
Unrealized loss on marketable securities	(18,680)	-	(18,680)
Investment Income	39,055	-	39,055
	<u>2,539,625</u>	<u>12,505</u>	<u>2,552,130</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	23,432	(23,432)	-
	<u>23,432</u>	<u>(23,432)</u>	<u>-</u>
Total Support and Revenue	<u>2,563,057</u>	<u>(10,927)</u>	<u>2,552,130</u>
<b>Expenses</b>			
Program services	<u>2,303,956</u>	-	<u>2,303,956</u>
Supporting services:			
General and administrative	265,322	-	265,322
Fund-raising	268,682	-	268,682
Total Supporting Services	<u>534,004</u>	-	<u>534,004</u>
Total Expenses	<u>2,837,960</u>	-	<u>2,837,960</u>
Change in Net Assets	(274,903)	(10,927)	(285,830)
Beginning Net Assets	6,234,182	48,987	6,283,169
Ending Net Assets	<u>\$ 5,959,279</u>	<u>\$ 38,060</u>	<u>\$ 5,997,339</u>

See independent auditor's report and accompanying notes to the financial statements.



Tibet House, Inc.  
(a Not-for-Profit Corporation)  
Statement of Functional Expenses  
For the Year Ended December 31, 2020

	Supporting Services			Direct Costs of Special Events	Total
	Program Services	General and Administrative	Fund- Raising		
Salaries and wages	\$ 760,306	\$ 76,030	\$ 114,046	-	\$ 950,382
Payroll taxes and employee benefits	151,415	15,142	22,712	-	189,269
Honoraria	367,782	-	-	-	367,782
Professional fees	256,038	25,603	38,406	40,908	360,955
Office supplies and other	205,366	20,537	30,805	2,296	259,004
Depreciation	194,010	19,401	29,101	-	242,512
Repairs and maintenance	144,965	-	-	-	144,965
Event space and refreshments	-	-	-	135,304	135,304
Utilities	70,623	7,062	10,594	-	88,279
Marketing and promotion	67,802	6,781	10,170	-	84,753
Equipment	58,024	5,802	8,704	-	72,530
Bank charges and credit card fees	-	67,289	-	-	67,289
Venue rental	-	-	-	63,955	63,955
Travel, conferences and meetings	11,547	1,155	1,732	14,288	28,722
Printing	16,078	1,608	2,412	1,360	21,458
Insurance	-	11,556	-	-	11,556
Interest expense	-	7,356	-	-	7,356
	<u>2,303,956</u>	<u>265,322</u>	<u>268,682</u>	<u>258,111</u>	<u>3,096,071</u>
Less: Direct cost of special events deducted from income on statements of activities	-	-	-	(258,111)	(258,111)
Total Expenses	<u>\$ 2,303,956</u>	<u>\$ 265,322</u>	<u>\$ 268,682</u>	<u>\$ -</u>	<u>\$ 2,837,960</u>

See independent auditor's report and accompanying notes to the financial statements.



**Tibet House, Inc.**  
**(a Not-for-Profit Corporation)**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2020**

**Cash Flows from Operating Activities**

Change in Net Assets	\$ (285,830)
Adjustment to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Depreciation expense	242,512
Unrealized loss on marketable securities	18,680
Decrease in operating assets:	
Contributions receivable	205,613
Inventory	96,868
Prepaid expenses	26,710
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	49,290
Deferred revenues	(209,949)
Advance on conditional contribution - Payroll Protection Plan	253,000
Net cash provided by operating activities	<u>396,894</u>

**Cash Flows from Investing Activities**

Purchase of property and equipment	(695,864)
Purchase of investments	97,395
Proceeds from sale of investments	(103,476)
Net cash used in investing activities	<u>(701,945)</u>

**Cash Flows from Financing Activities**

Proceeds from loan	100,000
Proceeds from Mortgage	324,000
Repayment of Mortgage	(12,315)
Net cash provided by financing activities	<u>411,685</u>

Increase in Cash 106,634

Beginning Cash 1,169,036

Ending Cash \$ 1,275,670

**Supplemental Disclosure**

Cash paid for interest \$ 7,356

See independent auditor's report and accompanying notes to the financial statements.

**Tibet House, Inc.**  
**(a Not-for-Profit Corporation)**  
**Notes to Financial Statements**  
**December 31, 2020**

**Note 1 - Nature of Activities and Summary of Significant Accounting Policies**

Nature of Activities

Tibet House, Inc. (a Not-for-Profit Corporation) (the Organization) is a 501(c)(3) organization established to promote and preserve Tibetan culture by serving as both a cultural center in New York City and a global resource for those interested in Tibetan civilization. The hidden heart of Asia, Tibet has served, during the last thousand years of the many imperial wars, as the safe treasury of Asia's most sophisticated spiritual arts and sciences. Now, its precious Buddhist civilization of wisdom, compassion, peace and harmony is under a real threat of imminent extinction.

Our New York City center comprises 7,000 square feet including gallery space, Tibetan Buddhist shrine, photographic archives, a lending library of over 1,000 volumes, and staff offices. In keeping with our mission as a cultural embassy, Tibet House US develops and presents innovative educational and cultural programs for the general public. The Cultural Center's activities include exhibits, print publications and media productions. It serves as a central meeting place for the local Tibetan community to hold programs and events. We reach out to the world through our website, [www.tibethouse.org](http://www.tibethouse.org), traveling exhibitions and unique trips to Buddhist sites in Asia. Our onsite and online gift shop and bookstore offer books and other items related to Tibetan culture and Buddhist practice.

Tibet House US also operates the extraordinary Menla Mountain Retreat and Conference Center in the heart of the Catskill mountains, in Phoenicia, New York. "Menla" means "Medicine Buddha," and the Center is being developed into a major transmitter of Tibetan Buddhist healing arts and sciences, Tibetan Medicine being one of the most precious offerings of the Tibetan culture to a world filled with suffering beings.

The Organization was incorporated in the State of New York in 1987.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and donor restricted net assets.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors. Donor restricted contributions that are expended for their restricted purpose in the same reporting period as received may be recorded as without donor restrictions.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

See independent auditor's report



**Tibet House, Inc.**  
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**Notes to Financial Statements**  
**December 31, 2020**

**Note 1 - (Continued)**

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

Cash consists of demand deposit accounts held at major financial institutions and may at times exceed the insurable amount. Management believes it mitigates its risk by investing in a major financial institution and in funds that are currently U.S. federal government insured. Recoverability of investments is dependent upon the performance of the issuer.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with original maturities of three months or less when purchased to be cash equivalents.

Revenue Recognition

Contribution Revenue

Contribution revenue is recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the same reporting period in which the Contribution revenue is recognized. All other donor restricted contributions are reported as increases in donor restricted net assets. When a restriction expires donor restricted net assets are reclassified to net assets without donor restrictions.

Revenue from Contracts with Customers

The Organization engages in the following exchange transactions:

- Sales of books, gifts, music and other inspirational items at New York City and Phoenicia, NY gift shops

- Conference and gathering space for event and/or for private rental

- Developing and presenting educational and cultural programs for the general public

The Organization operates the Menla Mountain Retreat and Conference Center in the heart of the Catskill mountains, in Phoenicia, New York.

The Organization produces an annual fundraising concert and reception.

Revenue from the above activities is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services.

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**Tibet House, Inc.**  
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**Notes to Financial Statements**  
**December 31, 2020**

**Note 1 - (Continued)**

Contributions Receivable

Contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. On December 31, 2020, the allowance for doubtful accounts was \$0.

Contributions receivable are expected to be collected within the current operating cycle of one year.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been provided for in the accompanying financial statements.

Promises to Give

Unconditional promises to give are recognized in the period received both as revenues or gains and as assets, decreases of liabilities, or expenses, depending on the form of benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Art Collection

The Organization collects diverse examples of Tibetan sacred, fine, and folk arts, with the hope to ultimately repatriate them to a National Museum in a culturally free Tibet. To this end, the Repatriation Collection was started in 1992. This growing collection is comprised of 1,500 objects: tangkas, bronzes, ritual objects, and folk art. Generous collectors who are deeply concerned about the ultimate disposition of the cultural heritage of the Tibetan people have and continue to thoughtfully give representative examples of the vast and sophisticated repertoire of Tibetan arts.

The Organization has chosen not to capitalize the collection as allowed by GAAP as its collections meet the necessary criteria: they are added to collections that are held for public exhibition and education in furtherance of public service rather than financial gain; are protected, kept encumbered, cared for and preserved; and are subject to a policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

Functional Allocation of Expenses

The costs of providing various program and other activities have been summarized on a functional basis in the statement of activities. Certain expenses have been classified based on direct expenditures, other cost were allocated based on estimates made by management such as time spent, quantities of items consumed and the proportion of physical space used.

Inventory

Inventory is stated at the lower of cost or net realizable value based on the first-in, first-out basis. Inventory consists of books and gift shop items.

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**Tibet House, Inc.**  
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**Notes to Financial Statements**  
**December 31, 2020**

**Note 1 - (Continued)**

Property and Equipment

Property and equipment are recorded at cost or, if donated, the approximate fair value at the date of donation. Depreciation is provided on the straight line method over the estimated useful lives of the assets as follow:

Building and improvements	28 - 40 Years
Furniture and equipment	5 - 7 Years

Expenditures for maintenance and repairs are charged to operations as incurred. Significant renovations and replacements, which improve and extend the life of the assets, are capitalized.

It is the policy of management to capitalize items with a cost of \$1,000 or more.

Advertising Costs

Advertising costs were \$84,753 and are included in marketing and promotion on the statement of functional expenses. Advertising costs are expensed in the year incurred.

Contributed Services

Contributed services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provide various services that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Fair Value Measurements and Disclosures

Carrying values of financial instruments, including cash and cash equivalents, prepaid expenses, and accrued expenses, approximated their fair values due to the short term nature of these financial instruments. There were no changes in methods or assumptions during the year ending December 31, 2020.

Subsequent Events

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through October 17, 2022, the date the financial statements were available to be issued.

COVID-19

In March 2020, the United States declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. The Organization has continued its activities during this time. Management continues to monitor the potential impact of the outbreak on its operation, but believes it has sufficient resources to maintain operations and activities during this time.

**Note 2 – Deferred Revenue**

Deferred revenue represents income for the year ending December 31, 2021, that was received during the year ended December 31, 2020.

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**Tibet House, Inc.**  
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**Notes to Financial Statements**  
**December 31, 2020**

**Note 3 - Property and Equipment**

Property and equipment consisted of:

Land	\$ 615,465
Buildings and improvements	6,463,929
Furniture and equipment	<u>525,529</u>
	7,604,923
 Less: accumulated depreciation	 <u>( 2,950,410)</u>
 Property and equipment, net	 <u>\$ 4,654,513</u>

Depreciation expense was \$242,512 for the year ended December 31, 2020.

**Note 4 – Advance on Conditional Contribution – Payroll Protection Plan**

During the year ended December 31, 2020 the Organization received a loan under the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act in the amount of \$253,000. The loan was forgivable if used for qualified expenses as described in the CARES Act. The Organization elected to account for the loan as a conditional grant.

During the year ended December 31, 2021 the Organization was granted forgiveness of the loan and will account for the forgiveness as government grant revenue.

**Note 5 - Loans Payable**

On July 16, 2020, the Organization was granted a loan by the American Institute of Buddhist Studies in the amount of \$100,000. Interest is charged at the rate of 1.50% per annum on the unpaid balance. The full balance including the interest is due on July 15, 2030.

**Note 6 – Net Assets With Donor Restrictions**

Net assets with donor restrictions by revenue source and changes therein for the year ended December 31, 2020, were as follows:

	Balance December 31, 2019	Additions	Releases From Restrictions	Balance December 31, 2020
<b><u>Restricted as to purpose:</u></b>				
Publication	\$ 48,987	\$ 12,505	\$ 23,432	\$ 38,060
	\$ 48,987	\$ 12,505	\$ 23,432	\$ 38,060

See independent auditor's report



**Tibet House, Inc.**  
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**Notes to Financial Statements**  
**December 31, 2020**

**Note 7 - Mortgages Payable**

Mortgage 1

The Organization has a mortgage payable in 120 equal monthly installments of \$1,062, including principle and interest at 5.25% ending May 2022. The mortgage balance as of December 31, 2020 was \$12,340. The mortgage is collateralized by property in upstate New York.

Mortgage 2

On November 6, 2020, the Organization entered into a mortgage that matures on December 1, 2040. Principal and interest are payable in monthly installments of \$1,929 through December 2040, which include interest at 3.80% per annum until December 31, 2025. However, every five years, beginning January 1, 2026 interest and principle payment amounts reset based on the 5 year fixed rate published by Federal Home Loan Bank of New York or alternative, as stated plus 2.75%, with the sum rounded up to the nearest 0.125. The balance as of December 31, 2020 was \$324,000. The mortgage is collateralized by property in upstate New York.

Future minimum payments on the above loans are as follows:

December 31, 2021	\$	22,389
2022		12,441
2023		11,901
2024		12,361
2025		12,839
Thereafter		264,409
		336,340
Less current portion		(22,389)
		\$ 313,951

**Note 8 - Liquidity and Availability of Financial Assets**

The Organization's working capital and cash flows have seasonal variations during the year attributable to the timing of program and fundraising activities. Monthly cash outflows vary each year based on the specific requirements of the program activities. To manage liquidity the Organization budgets cash flow and conducts fundraising activities that are timed to fulfill anticipated funding requirements.

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor -imposed restrictions or internal designations:

Cash	\$	1,275,670
Investment		722,530
Total financial assets		1,998,200
Less Donor Restricted Net Assets:		(38,060)
Financial assets available to meet cash needs for general expenditures within one year		\$ 1,960,140

See independent auditor's report

**Tibet House, Inc.**  
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**Notes to Financial Statements**  
**December 31, 2020**

**Note 9 – Related Party Transactions**

The Organization made honoraria payments to a teaching company owned by the board member, a total of \$62,707 for leading retreats during the year ended December 31, 2020. During the year, the Organization made total honorarium payments of \$367,782 to all teachers for leading retreats, which generated a total of \$1,506,458 of tuition and retreat income.

**Note 10 – Investments**

The Organization's financial assets carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by U.S. generally accepted accounting principles.

**Level 1** assets have observable market prices.

**Level 2** assets do not have observable prices, but have inputs that are based on observable prices.

**Level 3** assets have inputs that do not have observable prices.

The Organization's Investments consist of the following by market segment, at market value as of December 31, 2020.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual Funds	\$ 63,487	\$ -	\$ -	\$ 63,487
Exchange Traded Fund	19,640	-	-	19,640
Common Stocks	542,785	-	-	542,785
Preferred Stocks	41,125	-	-	41,125
Corporate Bonds	31,295	-	-	31,295
Other	24,198	-	-	24,198
	<b>\$ 722,530</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 722,530</b>

See independent auditor's report