



KHYENTSE FOUNDATION

ANNUAL REPORT 2005

year of the wood bird

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Available upon request:

- *A full set of the audited financial statements for year ended June 30, 2005*
- *A list of all Khyentse Foundation donors as of December 31, 2005*
- *Khyentse Foundation investment guidelines as of December 31, 2005*

A Message from Dzongsar Jamyang Khyentse Rinpoche for the New Year

The one and only way to generate individual and societal happiness, to be free from suffering, and to attain temporary and ultimate bliss is to apply the words of the Buddha. Even in this degenerated time, when every day is getting more and more unsafe and all kinds of hell seem to be breaking loose, it is incredible that we still have the living tradition of the Buddha's path.

This New Year day I would like to remind all of us to celebrate with a sense of duty to preserve the tradition of wisdom and compassion through expounding and practicing the dharma and facilitating the same for others.



Dzongsar Jamyang Khyentse
Chairman of the Board of Directors
Khyentse Foundation

Losar, Year of the Fire Dog
February 28, 2006



A Year of Giving and Progress

Executive Director's Report

Dear friends and supporters of Khyentse Foundation,

Khyentse Foundation has been in operation for four years now, and I take great pleasure in presenting our annual report for 2005.

Since the foundation's inception in 2001, we have slowly built the infrastructure needed to enable us to follow in the footsteps of King Ashoka and become an effective patron of Buddhism. Under the guidance and inspiration of Dzongsar Khyentse Rinpoche, the Foundation has worked hard to translate the vision of supporting Buddhadharma into action.

A Year of Giving

The year 2005 was especially exciting because Khyentse Foundation was able to start fulfilling its core purpose by offering support to many institutions and individuals engaged in the study and practice of the Buddha's vision of wisdom and compassion.

Funding allocations for projects for 2005/2006 are more than double what they were in the previous year. At its 2005 annual meeting, the board of directors approved over US\$400,000 to support monastic education, publications, scholarships, Buddhist schools for children, and other special projects. We anticipate ongoing increases in our disbursements for projects, and will be working hard to ensure that our funding keeps pace with the many opportunities to fulfill our mission.

From its very small beginnings, the Foundation's support now reaches far and wide, from Tibet, India, and Thailand, to the United States, Canada, and Australia. Our support is not limited to any particular form of Buddhism and is without boundaries of race, country, or gender. Our objective is to support the study and practice of Buddhism, and our funding goes to Tibetans, non-Tibetans, monks, nuns, lay students and practitioners, scholars, translators, and researchers, encompassing all the Buddhist traditions.

Although most of the funding is distributed through the structure of our five high-priority projects, a special fund has been set up to support additional worthy projects. (See "Who We Help" on page 8.)

photo: But-Sou Lai

Endowed Chair of Buddhist Studies

We are very excited about the progress made toward establishing an Endowed Chair of Buddhist Studies at the University of California at Berkeley. Major pledges are now in place and the Foundation is poised to commit the gift of US\$1 million to UC Berkeley. The faculty and administration enthusiastically welcome this professorship, which will be a keystone of the university's continued expansion of its Buddhist Studies program. It is expected that UC Berkeley will complete its internal process and start recruitment for the Tibetan scholar as early as fall 2006, with hopes for the professor to be on campus by fall 2007.

Scholarship Programs

The Scholarship Committee, led by Chair Florence Koh, developed scholarship guidelines, award criteria, and application procedures during 2005. The scholarship program was formally launched in November, and applications for scholarships are now under review.

Development Director Isaiah Seret is working with the committee to design a scholarship program to sponsor Cambodian monks to pursue advanced studies in the Mahayana tradition as well as in their own Theravadan tradition. We expect to offer this program by 2006.

Endowment for Monastic Education

Phase one of the Endowment for Monastic Education was completed in 2004, providing the principal to generate sufficient income to support the basic needs of almost 750 students in the various Khyentse institutes in Tibet, India, and Bhutan.

It is Rinpoche's wish to develop the Khyentse institutes in Tibet and India into world-class centers of Buddhist study, producing the next generation of Buddhist scholars and qualified teachers. Khyentse Foundation is working with the institutes to provide improved medical and health services, and to expand the curriculum to include foreign languages, computer skills, world history, and sciences.

Publications and Buddhist Schools

Great progress was made in 2005 in our publication and Buddhist schools for children projects. For information about these projects, "Five Project Update" in the *Khyentse Foundation Communiqué*, Winter 2005 issue.



Sathergate. Photo: UC Berkeley

Record Donations

Of course, none of this would have been possible without the generous support of our donors. Last year, the Foundation received record donations of over US\$1.4 million, bringing the total received since inception to over \$4 million. Major pledges were also committed to the Endowed Chair project.

In 2005, Khyentse Foundation received donations from more than 750 individuals from more than 25 countries around the world, all united in the wish to support the teachings of the Buddha. Another encouraging trend is the growing number of recurring donors. We now have more than 150 donors from 12 countries pledging more than \$12,000 in monthly donations. This amount is doubled through our Regular Donations Matching Funds program, thanks to the generosity of a group of anonymous sponsors.

Investment Management

The five-member investment committee, chaired by Bel Pedrosa, continued to be responsive to the uncertain worldwide financial situation, making the best possible investment decisions on behalf of the Foundation. To take full advantage of the financial expertise and resources within the sangha, a panel of advisors to the Investment Committee was formed during the year.

In spite of the difficult market, our portfolio generated an average of 9.5% during 2005, outperforming major indices and benchmarks. (See "Investment Performance" on page 13.)

A Tribute to the KF Volunteers

Thanks to the contributions of all our volunteer team members, the Foundation's administrative expenditures remain extremely low, at less than 1 percent of revenue. (See "Khyentse Foundation Team List" on page 16.)

Internationally, the Foundation now has varying levels of presence in fourteen countries. Our country representatives have quickly formed their own teams, especially in Taiwan and Australia, to manage the Foundation's growing activities.

Internally, the Foundation strengthened its administrative structure during the year to effectively manage the growing complexity of its operations:

- Secretary Lisa Davison and beneficiary coordinator Suyin Lee now have a system in place for managing beneficiary agreements, reports, and follow-up.
- Treasurer Marco Noailles further developed our accounting system to meet professional accounting and auditing standards.
- Jessie Wood joined us as managing editor. She works with communications director Noa Jones and art director Kelly Roberts to bring us the *Communiqué*, annual report, and other communications.
- The Grants Review committee under Ngodrup Dorje worked on guidelines for allocating funds to special projects.

These are only some of the KF team members who put in countless hours behind the scenes to make the work of the Foundation as seamless as possible. Other invaluable volunteers include our tireless webmaster Dave Zwieback, database guru Margaret Sablatnig, translator Aida Yuan, Benefits Gallery manager Helen Jackson Jones, Michelle Tsao, Jesse Klein, and many, many others who are indeed the unsung heroes of Khyentse Foundation.

Looking into the Future

*Until the sky exhausts, sentient beings will not exhaust.
And until sentient beings are exhausted, my prayers will not exhaust.*

Rinpoche has said that until sentient beings are exhausted, we should have the aspiration that Khyentse Foundation will not exhaust. So it looks like our work is just beginning.

Indeed, as I look at the growing need for support in the international Buddhist community, and the breadth and scope of the work that needs to be done in so many areas to promote the teachings of the Buddha to benefit each and every sentient being, I am astounded by the extent of what is possible, and humbled by the little that we have achieved so far.

May we collaborate to advance the mission of Khyentse Foundation to be a patron of Buddhism. Together, may our efforts be, as Shantideva said, "a boat, a raft, a bridge, for those who wish to cross the water."

May Khyentse Foundation's activities benefit all sentient beings.

In the Dharma,



Cangioli Che
Executive Director

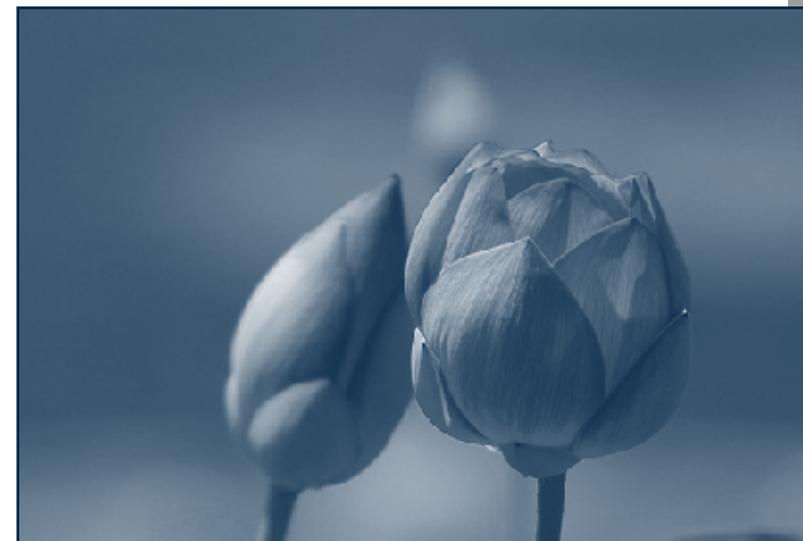


photo: Kelly Roberts

Who We Help

A beneficiary report on the organizations, projects, and individuals supported by Khyentse Foundation

Dzongsar Chökyi Lodrö College of Dialectics

Chauntra, Himachal Pradesh, India

Dzongsar Chökyi Lodrö College of Dialectics (CLCD) continues the academic heritage of the original institute in Tibet, under the guidance of Dzongsar Khyentse Rinpoche and Head Abbot Khenpo Kunga Wangchuk. In 2004, the college relocated from Bir to Chauntra, Himachal Pradesh; His Holiness the Dalai Lama presided over the inauguration ceremonies. The course of study follows the original curriculum set by Chökyi Lodrö for the Tibet institute. In the near future, courses will also be offered in world history, English, Hindi, and computer science. Graduates of CLCD have become teachers themselves, in Tibet, Bhutan, Nepal, and the West. More than 500 students now attend the institute.

The construction of the new institute was funded by sponsors of Khenpo Kunga Wangchuk from Taiwan. With the first phase of the Endowment for Monastic Education in place, Khyentse Foundation is able to provide funding for basic ongoing operating costs such as food and clothing. The Foundation is now planning the second phase of the Monastic Fund to provide medical care, language and computer programs, and other curriculum expansion.



photo: Monastic Vikramisala Education Society

Dzongsar Monastery and Khamje College

Derge, Eastern Tibet
(now Sichuan Province, China)

Dzongsar monastery was the residence of two great Rimé masters, Jamyang Khyentse Wangpo and Jamyang Khyentse Chökyi Lodrö. In 1871, Khyentse Wangpo founded Dzongsar Khamje College on a plain below the monastery. The college was designed in the form of a drawn bow and arrow, attributes of Manjushri, the Buddha of Wisdom. The college was destroyed in the 1960s but, at the behest of the late Panchen Lama, Dzongsar Khyentse Rinpoche sponsored the reconstruction in the 1980s. The current curriculum, which was set by Jamyang Khyentse Chökyi Lodrö, includes study of Buddhist scriptures such as the tripitaka, the shastras, and the tantras, and the sciences of poetry, astrology, and medicine.

Many graduates of this institute have become teachers themselves. At present, there are almost 750 monks and nuns under the patronage of Dzongsar Monastery, including 330 teachers and students at Khamje College. Khyentse Foundation's grant provides a major portion of the funds needed for food and books for the monks and students.

Fragile Palm Leaves Foundation

Nonthaburi, Thailand

The aims of the Fragile Palm Leaves Foundation are to study and describe the history of the Buddhist literature of Southeast Asia; to collect information about and to prepare catalogs of manuscripts, inscriptions, ancient documents, and mural paintings related to Buddhism; to edit and publish texts in Pali or vernaculars that have not yet been published; to translate texts from Pali or vernaculars into English, Thai, and other languages; and to coordinate and exchange information regionally and internationally. Khyentse Foundation supports the operation of Fragile Palm Leaves under the guidance of Professor Peter Skilling.

Gampo Abbey

Nova Scotia, Canada

Gampo Abbey, a Tibetan Buddhist Monastery of the Karma Kagyu, Nyingma, and Shambhala lineages, is one of the few Tibetan monasteries in North America. It was founded in 1984 by Chögyam Trungpa Rinpoche and is a place of residence for 30 to 35 lay and monastic Buddhist practitioners. Each fall and spring Gampo Abbey conducts a monastic college (shedra) in which a number of monastics and a few lay people study the Dharma intensively. Khyentse Foundation is a contributor to the Shedra Scholarship Fund.

International Network of Engaged Buddhists (INEB)

An organization under Sathirkoses-Nagapradipa Foundation in Thailand
INEB is an international network of grassroots organizations, spiritual leaders, and concerned people who address social issues based on spirituality in many developing countries in East and Southeast Asia. The major focus of INEB is capacity building for young grassroots leaders in holistic social works, such as the integration of personal development and social innovation using spiritual and cultural approach. Khyentse Foundation supports INEB programs in youth leadership development, Buddhism and social equality, and related issues.

Jonang Foundation

California, USA

Jonang Foundation is a support organization and online resource center for projects that enhance efforts to preserve, sustain, and enliven the distinctive intellectual, creative, and spiritual heritage of the Jonang Tibetan Buddhist tradition. Jonang Foundation is compiling the Jonang Art and Literature Collection to preserve, through digital imaging technology, the rare and previously unavailable Jonang Tibetan Buddhist artistic and literary traditions. Khyentse Foundation is a supporter of this project.

Matthew Akester's Book Project

Translation of Jamyang Khyentse Wangpo's *Guide to Central Tibet*

The Ü-tsang Néyik was composed by the great Jamyang Khyentse Wangpo (1820-1892). It inspired many to revisit the forgotten or neglected shrines and haunts of the early Buddhist masters, and is appreciated by students of Tibetan culture for its clarity and wealth of information. Since the first translation of the guide, Tibet's pilgrimage places have been desecrated and largely destroyed. Matthew Akester's project is an ambitious research initiative to retranslate the original text in the light of present-day Tibet and of wider readings in historical literature. The author spent over ten years scouring literary archives and visiting all of the more than 200 pilgrimage places listed in the guide, unofficially and usually on foot, interviewing local people and those engaged in restoration efforts. Khyentse Foundation supports the author in preparing the material for publication.

Monastic Vikramasila Education Society

Ladakh, Northern India

The Monastic Vikramasila Education Society operates a school for underprivileged students from remote areas of Nepal near Mount Everest and from the Ladakh village of Matho. Most of the students are monks and nuns, ranging in age from 7 to 14. The curriculum includes Tibetan, Ladakhi, English, math, and science. Because of Ladakh's remoteness, basic food supplies, especially

fresh vegetables, are difficult to obtain and very costly. The Khyentse Foundation grant helps to improve the quality of the students' diet and also helps the school to buy clothes, wood for cooking, and other materials.

Rimé Foundation Translation Project

The translation projects are the cooperative efforts of the Rimé Foundation, an organization dedicated to the preservation and translation of Tibetan literature, Nitartha Institute, and Kathmandu University's Center for Buddhist Studies. These efforts reflect the growing need for high-quality, accurate translations of seminal texts related to the theory and practice of

Tibetan Buddhism. Some of the texts being translated are *Heart Essence of the Diakinis*, *Rosary of Views*, and *Wisdom of the Ancients*. Khyentse Foundation supports these translation efforts.

photo: Monastic Vikramisala Education Society



Shambhala Archives

Halifax, Nova Scotia, Canada

Shambhala Archives is the repository for one of the largest audio-visual collections of lectures and oral discourses by Tibetan Buddhist teachers in the West. In particular, it cares for all records related to the life and teachings of Chögyam Trungpa Rinpoche. Shambhala Archives has undertaken a three-year audio recovery project to preserve and remaster in multiple analog and digital formats all of the dharma talks by the Venerable Chögyam Trungpa Rinpoche. Khyentse Foundation is a contributor to this project.

Siddhartha's Intent

Founded in 1989, Siddhartha's Intent is an international Buddhist association of nonprofit centers, most of which are nationally registered societies and charities, with the principal intention of preserving the Buddhist teachings, as well as increasing awareness and understanding of these teachings beyond the limits of cultures and traditions.

Siddhartha's Intent, Western Door

California, USA

Members of Siddhartha's Intent, Western Door organized Dzongsar Khyentse Rinpoche's four-year series of teachings on the Madhyamakavatara. Khyentse Foundation has provided funding so that full or partial scholarships can be offered to over thirty students each year. It also enables third- and fourth-year participants to pay substantially reduced fees, or no fees at all. In addition, the Foundation sponsored the printing of Rinpoche's commentary on the Madhyamakavatara for all participants.

Siddhartha's Intent International

British Columbia, Canada

Members of Siddhartha's Intent in Canada support and maintain Sea to Sky Retreat Centre, located on a secluded 40-acre site of extraordinary natural beauty in British Columbia's coastal mountain range. Since 1995, this nonsectarian retreat center has hosted a wide variety of programs and gatherings as well as individual retreats. Khyentse Foundation provides scholarships to enable students to attend teachings and to undertake personal retreats at the center.

Siddhartha's Intent, Southern Door

Sydney, Australia

Khyentse Foundation cosponsored the printing of Rinpoche's commentary on Chandrakirti's Madhyamakavatara for all participants at the teaching organized by Siddhartha's Intent, Southern Door.



Vajradhara Gonpa Three-Year Retreat Centre

Kyogle, NSW, Australia

Vajradhara Gonpa is a secluded mountain retreat on 200 acres of bushland where selected practitioners undertake a long-term residential program of strenuous contemplative practice according to the Tibetan Buddhist tradition. Under Dzongsar Khyentse Rinpoche's guidance, the first three-year retreat at Vajradhara Gonpa began in January, 2005. Khyentse Foundation is providing full or partial support for five of the twenty-eight retreatants.

Tibetan Buddhist Resource Center (TBRC)

New York, USA

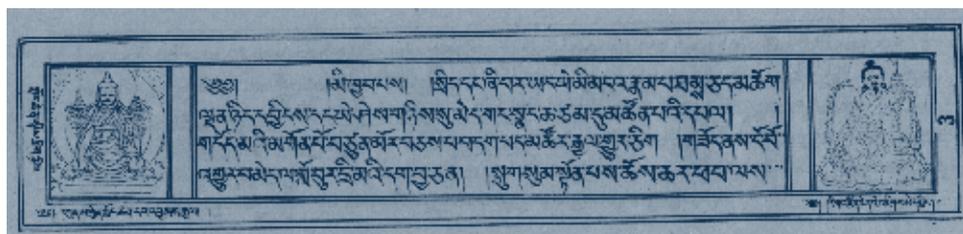
The mission of TBRC, under Tibetan scholar Gene Smith, is to promote research and scholarship in Tibetan Buddhism and to advance the preservation of the Tibetan cultural heritage by making its literature widely available in the form of digital images.

The Wisdom Masters Digital Library project is part of an effort to archive, catalog, and print the world's largest electronic collection of Tibetan Buddhist texts. The goal is to make the texts widely available as e-books that can be printed as needed. Formatting the scanned texts, which will involve creating a formatting center in Bhutan, is the next major step of this project and the current focus of grant application efforts.

Khyentse Foundation has contributed to TBRC since 2003. In addition, we have partnered with TBRC and the Bodhi Foundation to seek funding from individuals and other foundations for the Wisdom Masters Digital Library project.

Support to Individuals for Study and Practice

- A translation scholarship was awarded to a UK student to study Tibetan with a view to becoming a translator of Buddhist texts.
- A scholarship was awarded to an Australian student to support her three-year retreat in Dordogne, France.
- A Brazilian student was awarded a scholarship to study at Rangjung Yeshe Institute in Nepal.
- A Cambodian monk was awarded a scholarship to study English and Theravadan Buddhism.



Report from the Investment Committee

An examination of causal conditions

The Investment Committee is pleased to announce that during calendar year 2005 the investments of Khyentse Foundation—the Endowment for Monastic Education, the Scholarship Fund, and the Publication Fund—had a total return of 9.5%. Once more we were able to surpass our 5% annual return goal.

Assets in these funds at the end of the year were US\$4.4 million (\$2.8 million for the Endowment for Monastic Education and \$1.6 million for the other two funds). The assets are diversified in the following classes: 48% equities, 30% bonds, 19% cash, and 3% gold.

We also hold a donation of \$500,000 that we are not taking into account in this report because it is being kept in cash and will soon be disbursed for the Endowed Chair of Buddhist Studies at the University of California, Berkeley.

The Lehman Brothers Aggregate Bond Index, a widely used index for the high-grade bond market, returned 2.4%. The S&P 500, a benchmark for the U.S. equity market, returned 4.9%. A mix of these indices, weighted according to our maximum exposure per asset class, as per the Khyentse Foundation investment guidelines, which is our benchmark, returned 3.3%.

This was no ordinary year in the financial markets. All investors, private or fund managers, as well as our team, struggled to understand the global economics and the changes in reaction to global events. We are proud to say that the Advisory Team, which was formed last August, has enthusiastically helped us to analyze the economic situation from many different perspectives. We thank them for that!

Some of our positive achievements were to keep and/or increase our investments in Japan and India and in the energy market. The decision to buy gold in the first quarter was also correct, although we regret not having bought more. We also regret selling some Canadian dollars—the only position we liquidated during the year. Our exposure to emerging markets bonds had a good result, but our positions in the U.S. bond market were our weak point. Although its value did not erode (although that may not be true on real basis), it created almost no value, therefore dragging the total portfolio return down.

Performance was relatively stable throughout the year despite a volatile market; broad diversification in asset classes, regions, and currencies helped to preserve and create value in the funds.

Our current geographic diversification shows our intent to minimize risk. Although a slowdown in the U.S. economy might hurt other markets as well, we firmly believe that in the long term some markets are poised to continue to grow. Of our assets, 49% are directly correlated to the United States, 12% to Europe, 11% to China, 8% to Japan, 7% to emerging markets, 5% to India, 4% to Canada, and 4% to Australia.



As you read this report, the Investment Committee will have finalized further actions to reduce our current exposure to the U.S. dollar (USD). We hold only 8% of assets with direct exposure to other currencies, and another 21% with indirect exposure. (Indirect means holding other classes of assets in countries where a strengthening of that country's currency against the USD will be directly reflected in gains in the asset class we hold.) Therefore our currency diversification from the USD is 29%. Our goal is to increase it to closer to 50%, considering that almost half of our yearly disbursements are in USD.

During the year we decided to move our USD bond portfolio to a new manager, after three years of below-the-target performance. This one-time event increased our portfolio turnover ratio to 33%. Excluding this event, the portfolio turnover was 7.8%.

Our total portfolio expense ratio was 0.4%, even considering all the expenses we had for the change in the U.S. bond holdings. Without such moves, we could present an expense ratio as low as 0.3%. I believe this is a result of managing most of the position by ourselves, as well as our investment style and long-term horizon.

Bonds

The "bonds only" part of our portfolio returned a meager 2.6%. The U.S. bonds returned only 1.3%, while the international part was up 6.3%.

As mentioned earlier, we expect a better result for our portfolio this year, because we are diversifying into Euro-denominated bonds, in addition to the Australian dollars we already hold. We also think that emerging markets will continue to hold in such a difficult market for bonds. Our emerging market bonds returned 17.8%.

With the exception of the MSCI Emerging Market bond index, which rose 7%, the global core bond market dropped 6.5%, the first year of decline in the last five years. In an environment of rising interest rates, bonds and fixed income securities are likely to decrease in value.

Although the United States may have approached the end of the tightening cycle, Japan and Europe have just started. The consequences for bonds outside of the United States will depend largely on those two events.

We lengthened the maturity of our U.S. portfolio, thereby increasing the yields, and if our income meets our 5% goal return, we will be happy to hold on to most of those bonds until maturity, thereby protecting the downside in the event of an erosion in prices. We are reducing our exposure to the U.S. bond market, in any case.



Equities

Total equity return was 15.9%. Among our main holdings are two mutual funds, one with an international focus and another with a U.S. focus. These top-performing funds returned 17.5% and 5.1% respectively in 2005. The two funds combined had an average turnover ratio of 8.8% and an expense ratio of 0.61%.

We also hold equities in China/Taiwan that we purchased in the middle of 2005. These are companies that should benefit from the following events in China: increase in demand for transportation; increase in demand for telecom; increase in demand for commercial real estate and retail; and the expanding textiles market. Return on our investments has been negative so far (-3.9%), but that does not take into account any currency gains. We are confident that these companies will benefit from the average 9% annual growth in China, and our investments are long-term oriented.

The next three main holdings in equities had similar returns, around 38%. Our investments in India earned 39.2% in 2005 and 71% since we bought in the fourth quarter of 2004. We intend to continue to increase our exposure to India, and we understand that the currency exposure is justified, since around 40% of our expenditures are in Indian rupees.

Our investments in energy returned very well also, especially with the price of oil in the last 6 months. Combined, they returned 38.2% in 2005, with no turnover. We used one of these vehicles to also have exposure to the Canadian dollar. Another great performer was Japan, up 35.6% throughout the year. We actually added to our beginning-of-the-year position.

Others

We also held the precious metal gold throughout 2005. This was a decision made in the beginning of the year based on our fear of a USD devaluation. Although we regret the small size of the position, it added to our return, up 16.9%.

In terms of currency exposure, we are considering using MSCI Fixed Income as a proxy for our currency exposure. In that case, USD would be approximately 41%, euro 34%, yen 16%, and others 9%.

We value the trust that you, as our donors, and Dzongsar Khyentse Rinpoche have placed in us. We will continue to carry on with our strategy of a conservative but responsive approach to the even more challenging year that lies ahead.

And we will continue to count, also, on Rinpoche's prayers!

Khyentse Foundation Investment Committee

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

All figures from July 1, 2005 onward presented in this report are unaudited as of February 2006. Khyentse Foundation Audited Financial Statements cover the fiscal year ending June 30, 2005.

Khyentse Foundation

Statement of Financial Position
June 30, 2005

ASSETS

Cash	\$ 380,890
Investments	3,105,391
Pledges receivable, net of allowance for Unfulfilled pledges and discounts to present value	<u>588,152</u>
Total Assets	<u>4,074,433</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts Payable	2,175
Grants Payable	<u>137,275</u>
Total liabilities	139,450
Unrestricted net assets	3,188,143
Temporarily restricted net assets	<u>746,840</u>
Total net assets	3,934,983
Total Liabilities and Net Assets	<u>\$4,074,433</u>

Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2005

REVENUES

Contributions	\$2,111,880
Less discount on long-term receivables	(565,528)
Less receivables reserve expense	(658,701)
Net Contributions	<u>887,651</u>
Fundraising events and Benefits Gallery net expenses	50,213
In-kind donations	10,091
Unrealized gain on investments	158,702
Realized gain on investments	25,742
Interest and dividends	<u>103,991</u>
Total revenue	<u>1,236,390</u>

EXPENSES

Program Grants	
Monastery support	62,000
Publications and text preservation	37,892
Scholarships	47,185
Other expenses in support of programs	<u>13,600</u>
Total program expenses	160,677
Management	25,349
Fundraising	<u>6,248</u>
Total expenses	<u>192,274</u>

Change in net assets	1,044,116
Net assets – beginning of year	<u>2,890,867</u>
Net assets – end of year	<u>\$3,934,983</u>

These statements are a summary of information from the Financial Statements audited by Gregg Associates, PC, Portland, Oregon. A full set of the Audited Financial Statements is available upon request.

Khyentse Foundation Team List

As of December 31, 2005

Chair of the Board of Directors

Dzongsar Jamyang Khyentse
Rinpoche

Advisors

Richard Dixey
Gene Smith
William McKeever

Board of Directors

Cangioli Che
Amelia Chow
Lisa Davison
Florence Koh
Barbara Ma
Marco Noailles
Isabel Pedrosa (ex officio)
Christian Rhomberg
Penelope Tree
Angie Tsai
Pema Wangchuk
Kris Yao

Executive Committee

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

Grants Review Committee

Ngodrup Dorje, Coordinator
Luc Dierckx
Steven Goodman
Ron Stewart

Investment Committee

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

Advisors to the Investment Committee

Gene Chan
Ngodrup Dorje
Gregory Forgues
Alysia Lee
Donovan Van Leeuwen
Kelly Yang

Scholarships Committee

Florence Koh, Coordinator
Ann Marie Huck
Stuart MacFarlane
Doris Wolter

Special Projects

Nancy Lee
Yin-wah Ma
Sharon Roe

Country Teams Australia

Jill Robinson and her team
Kathie Chodron

Bhutan

Rinzin Lhamu
Pem Tshering

Brazil

Manoel Vidal
Luciana Novaes

Canada

Amelia Chow
Lesley Patten

Country Teams continued

Germany
Arne Schelling
Doris Wolter

Hong Kong

Alysia Lee
Mazy Kwong

India

Pema Wangchuk

Indonesia

Loekito Hidajat

Malaysia

Yong Siew Chin

Singapore

Cheau Ho
Lee Kwang-boon

Switzerland

Marie Crivelli

Taiwan

Jain Feng and her team
Kris Yao
Stephanie Lai

UK

Richard Dixey
Penelope Tree

USA

Cangioli Che
Linda Coelln
Noa Jones

Team List Continued

Executive Office

Helen Jackson Jones, Benefits Gallery Manager
Noa Jones, Communications Director
Jesse Klein, Administration Manager
Su-yin Lee, Beneficiary Coordinator
Jakob Leschly, Editor
Kelly Roberts, Art Director
Margaret Sablatnig, Database Manager
Isaiah Seret, Project Development Director
Yulia Sheynkman, Web Development
Michelle Tsao, Accounting
Alex Trisoglio, KF Fellow
Maggie Westhaver, Grants Development Director
Jessie Wood, Managing Editor
Dave Zwieback, Webmaster

Consultant

Ivy Ang, Strategic Planning

Legal Counsel

Alexander Halpern LLC
Boulder, Colorado, USA

Auditor

Beth Brown, Gregg Associates, PC
Portland, Oregon, USA

Working Groups

Buddhist Schools for Children

Noa Jones, Coordinator

Australia, Siddhartha's School

Ari Summa	Meg Hui
Eva Thomas	Geoff Martin
Simon Thomas	Sally Pidcock
Kathie Chodron	Jill Robinson
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Khyentse Foundation as a Patron of Buddhism

Rinpoche's comments at the 2005

Khyentse Foundation Board Meeting

When we say we are patrons of Buddhism, I think we are basically talking about supporting two things: study and practice. The dissemination of Buddhism in India, China, Tibet, and many of the Southeast Asian countries was possible very much because of teachers and masters, but patrons have also played a very important role. Some of the most important events in Buddhist history, such as the three assemblies, would not have happened without patrons. Likewise, the degeneration of Buddhism in parts of the world such as Indonesia, Afghanistan, and Kashmir has got a lot to do with the degeneration of their systems, their governments, and the lack of patronage. When these fall, Buddhism also falls.

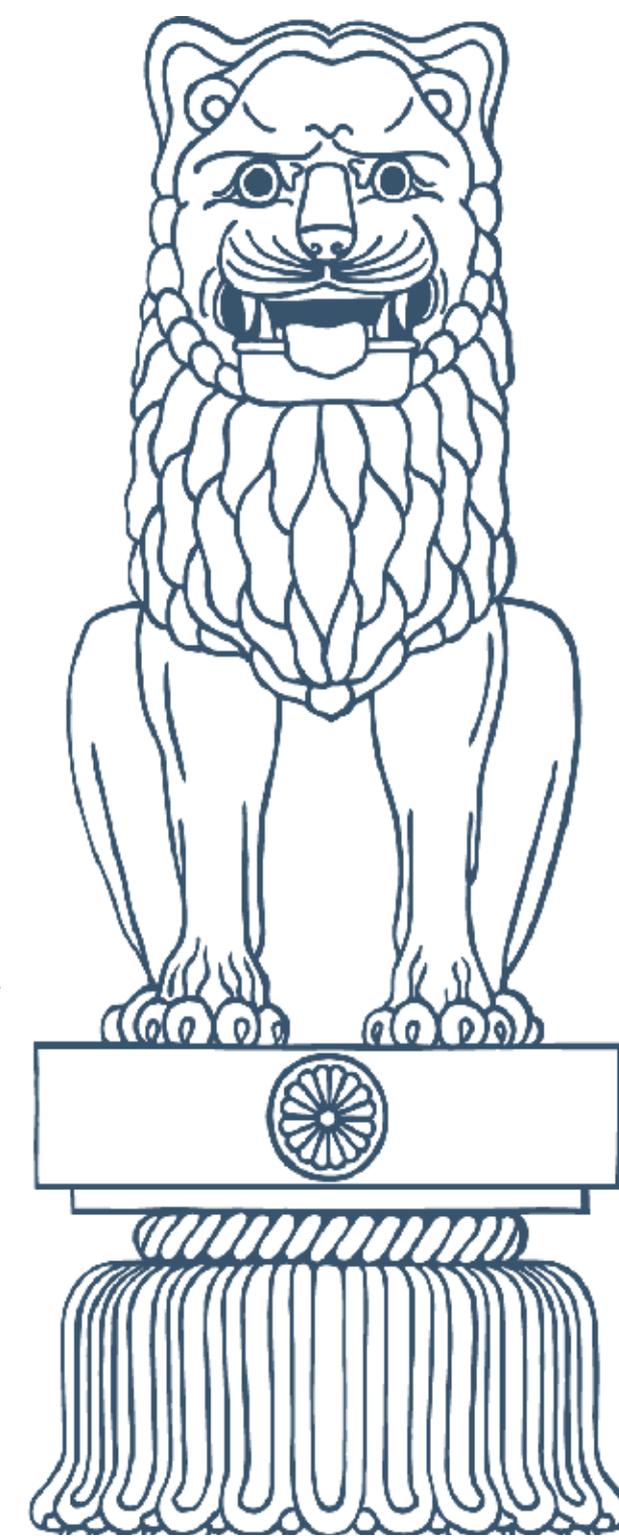
I see two things that Khyentse Foundation can do. We should work for the preservation of the existing, almost motherlike Buddhist world, such as Tibet, Cambodia, and Thailand. And then we should also support the emerging, almost childlike Buddhist world.

Tibetan culture and Buddhism are two different things. Khyentse Foundation's main aim is serving Shakyamuni and propagating his vision, the dharma. With this aim in mind, Khyentse Foundation does not need to spend its resources preserving only Tibetan culture.

Buddhism's universal concepts, such as knowing suffering and abandoning the causes of suffering, are not limited to one society or one culture. Buddhism is growing rapidly in non-Tibetan areas such as China, America, and Europe, but it has not yet matured there. It will, I think. And it should.

There are so many young people searching for something. Unfortunately, many of them will end up taking refuge in a wrong view that ultimately will not sustain them. At this time we should have some kind of a facility so that people can have access to at least some correct information.

So, thinking in the long term, Khyentse Foundation has a very important task at this crucial time: Nurturing and helping this child, this new interest in Buddhism, while helping and preserving the existing Tibetan and Cambodian Buddhist institutions.





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