

**International Campaign for Tibet**

**Financial Statements**

And

Independent Auditor's Report

For the Years Ended December 31, 2018 and 2017

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## Independent Auditor's Report

**To the Board of Directors  
International Campaign for Tibet  
Washington, DC**

We have audited the accompanying financial statements of International Campaign for Tibet (ICT) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, and cash flows for the years then ended, and the statement of functional expenses for the year ended December 31, 2018 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 ICT'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 ICT'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 International Campaign for Tibet as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



**Report on Summarized Comparative Information**

We have previously audited ICT's December 31, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 21, 2018. In our opinion, the summarized comparative information presented in the statement of functional expenses for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Snyder Cohn, PC". The signature is written in a cursive, flowing style.

SNYDER COHN, PC  
North Bethesda, Maryland  
May 31, 2019

# International Campaign for Tibet

## Statements of Financial Position

December 31	2018	2017
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,576,578	\$ 1,371,101
Accounts receivable	14,593	21,150
Contributions receivable	-	183,705
Other receivables	239,616	-
Prepaid expenses	67,111	49,706
Total current assets	<u>1,897,898</u>	<u>1,625,662</u>
<b>Property and equipment, net</b>	<u>2,343,704</u>	<u>2,410,850</u>
<b>Other assets:</b>		
Investments	62	70
Deposits	360	360
Deferred financing costs, net	937	1,171
Total other assets	<u>1,359</u>	<u>1,601</u>
<b>Total assets</b>	<u>\$ 4,242,961</u>	<u>\$ 4,038,113</u>
<b>Liabilities and net assets</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 119,167	\$ 79,107
Note payable, current portion	29,148	27,965
Total current liabilities	<u>148,315</u>	<u>107,072</u>
<b>Other liabilities:</b>		
Note payable, net of current portion	<u>85,497</u>	<u>114,590</u>
<b>Total liabilities</b>	<u>233,812</u>	<u>221,662</u>
<b>Commitments</b>		
<b>Net assets:</b>		
Net assets without donor restrictions	3,977,858	3,770,566
Net assets with donor restrictions	31,291	45,885
Total net assets	<u>4,009,149</u>	<u>3,816,451</u>
<b>Total liabilities and net assets</b>	<u>\$ 4,242,961</u>	<u>\$ 4,038,113</u>

See Accompanying Notes

# International Campaign for Tibet

## Statement of Activities

**For the year ended December 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue:</b>			
Contributions	\$ 3,315,011	\$ 23,403	\$ 3,338,414
Grants	-	-	-
Investment income	6,488	-	6,488
Other income	246,407	-	246,407
Merchandise sales	11,824	-	11,824
Net assets released from restrictions	37,997	(37,997)	-
Total support and revenue	<u>3,617,727</u>	<u>(14,594)</u>	<u>3,603,133</u>
<b>Expenses:</b>			
Program services:			
Tibetan empowerment	152,874	-	152,874
Human rights	340,134	-	340,134
Education and awareness	970,594	-	970,594
International operations	89,542	-	89,542
Campaigns	203,507	-	203,507
Government relations	271,341	-	271,341
Media and reporting	652,305	-	652,305
Chinese outreach	80,486	-	80,486
Total program services	<u>2,760,783</u>	<u>-</u>	<u>2,760,783</u>
Supporting services:			
Fundraising	513,480	-	513,480
General and administrative	136,172	-	136,172
Total supporting services	<u>649,652</u>	<u>-</u>	<u>649,652</u>
Total expenses	<u>3,410,435</u>	<u>-</u>	<u>3,410,435</u>
<b>Change in net assets</b>	207,292	(14,594)	192,698
Net assets - beginning	<u>3,770,566</u>	<u>45,885</u>	<u>3,816,451</u>
<b>Net assets - ending</b>	<u>\$ 3,977,858</u>	<u>\$ 31,291</u>	<u>\$ 4,009,149</u>

See Accompanying Notes

# International Campaign for Tibet

## Statement of Activities

**For the year ended December 31, 2017**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue:</b>			
Contributions	\$ 3,331,946	\$ 23,311	\$ 3,355,257
Grants	6,032	-	6,032
Investment income	1,927	-	1,927
Other income	20,451	-	20,451
Merchandise sales	17,285	-	17,285
Net assets released from restrictions	23,795	(23,795)	-
Total support and revenue	<u>3,401,436</u>	<u>(484)</u>	<u>3,400,952</u>
<b>Expenses:</b>			
Program services:			
Tibetan empowerment	140,564	-	140,564
Human rights	262,107	-	262,107
HHDL	772	-	772
Education and awareness	899,826	-	899,826
International operations	46,203	-	46,203
Campaigns	165,899	-	165,899
Government relations	285,162	-	285,162
Media and reporting	538,213	-	538,213
Chinese outreach	76,483	-	76,483
Total program services	<u>2,415,229</u>	<u>-</u>	<u>2,415,229</u>
Supporting services:			
Fundraising	604,967	-	604,967
General and administrative	148,985	-	148,985
Total supporting services	<u>753,952</u>	<u>-</u>	<u>753,952</u>
Total expenses	<u>3,169,181</u>	<u>-</u>	<u>3,169,181</u>
<b>Change in net assets</b>	232,255	(484)	231,771
Net assets - beginning	<u>3,538,311</u>	<u>46,369</u>	<u>3,584,680</u>
<b>Net assets - ending</b>	<u>\$ 3,770,566</u>	<u>\$ 45,885</u>	<u>\$ 3,816,451</u>

See Accompanying Notes

## International Campaign for Tibet

### Statement of Functional Expenses

**For the year ended December 31, 2018 with summarized financial information for 2017**

	Program Services								
	Tibetan Empowerment	Human Rights	Education and Awareness	International Operations	Campaigns	Government Relations	Media and Reporting	Chinese Outreach	Total Program
Salaries	\$ 46,688	\$ 5,625	\$ 208,279	\$ 45,938	\$ 9,134	\$ 98,113	\$ 261,217	\$ 33,443	\$ 708,437
Professional services	30,797	116,635	234,564	12,103	70,653	50,262	174,753	14,807	704,574
Printing	22,569	135,551	179,584	134	76,477	30,546	20,118	7,427	472,406
Postage	10,511	62,300	86,880	164	37,763	12,389	8,785	3,460	222,252
Travel	16,667	68	75,764	6,919	5,928	25,217	6,424	81	137,068
Health care	6,585	1,030	31,693	3,114	571	13,633	41,744	5,667	104,037
Grants/donations including earthquake relief	105	14,220	41,969	12,952	-	-	-	-	69,246
Depreciation and amortization	2,297	398	19,265	1,072	275	6,861	25,605	2,144	57,917
Payroll taxes	3,174	487	15,806	1,470	295	6,664	20,778	2,716	51,390
Bank charges	2,688	296	14,204	1,033	377	5,434	18,905	2,036	44,973
Building expenses	2,543	394	13,102	1,121	261	5,392	17,263	2,205	42,281
Accounting and payroll	1,934	271	9,421	760	238	3,837	12,456	1,617	30,534
Retirement	1,805	271	9,023	809	181	3,764	11,879	1,536	29,268
Office supplies	1,115	97	7,653	300	70	1,555	7,242	585	18,617
Telephone	768	108	3,743	338	81	1,564	8,581	634	15,817
Special events	831	-	3,045	554	-	2,182	3,950	692	11,254
Delivery	415	2,104	3,500	4	1,126	614	472	100	8,335
Insurance	533	145	3,411	379	-	1,510	4,408	601	10,987
State registration	-	-	-	-	-	-	-	-	-
Rent	419	68	2,010	203	34	872	4,333	365	8,304
Equipment rental	380	60	2,003	175	36	826	2,637	331	6,448
Dues and subscriptions	50	6	5,675	-	7	106	374	39	6,257
Media/books	-	-	-	-	-	-	381	-	381
<b>Total expenses</b>	<b>\$ 152,874</b>	<b>\$ 340,134</b>	<b>\$ 970,594</b>	<b>\$ 89,542</b>	<b>\$ 203,507</b>	<b>\$ 271,341</b>	<b>\$ 652,305</b>	<b>\$ 80,486</b>	<b>\$ 2,760,783</b>

See Accompanying Notes



**International Campaign for Tibet**  
**Statement of Functional Expenses (continued)**

**For the year ended December 31, 2018 with summarized financial information for 2017**

		Support Services				
	Total Program	Fundraising (Development)	General and Administrative	Total Supporting Services	2018 Total	2017 Total
Salaries	\$ 708,437	\$ 91,352	\$ 53,600	\$ 144,952	\$ 853,389	\$ 858,950
Professional services	704,574	178,973	50,070	229,043	933,617	784,590
Printing	472,406	97,314	655	97,969	570,375	540,652
Postage	222,252	49,674	1,382	51,056	273,308	273,129
Travel	137,068	15,229	2,794	18,023	155,091	104,392
Health care	104,037	16,443	7,392	23,835	127,872	112,497
Grants/donations including earthquake relief	69,246	-	-	-	69,246	52,615
Depreciation and amortization	57,917	7,167	2,297	9,464	67,381	70,274
Payroll taxes	51,390	8,038	3,366	11,404	62,794	63,178
Bank charges	44,973	7,594	3,692	11,286	56,259	47,599
Building expenses	42,281	6,488	2,755	9,243	51,524	55,303
Accounting and payroll	30,534	4,873	2,048	6,921	37,455	37,543
Retirement	29,268	4,581	2,145	6,726	35,994	37,341
Office supplies	18,617	2,720	42	2,762	21,379	16,379
Telephone	15,817	1,949	860	2,809	18,626	20,488
Special events	11,254	2,108	1,205	3,313	14,567	18,403
Delivery	8,335	4,957	196	5,153	13,488	12,858
Insurance	10,987	1,377	640	2,017	13,004	25,487
State registration	-	10,480	-	10,480	10,480	11,852
Rent	8,304	1,041	473	1,514	9,818	11,094
Equipment rental	6,448	977	416	1,393	7,841	7,987
Dues and subscriptions	6,257	145	144	289	6,546	5,827
Media/books	381	-	-	-	381	743
<b>Total expenses</b>	<b>\$ 2,760,783</b>	<b>\$ 513,480</b>	<b>\$ 136,172</b>	<b>\$ 649,652</b>	<b>\$ 3,410,435</b>	<b>\$ 3,169,181</b>

See Accompanying Notes

# International Campaign for Tibet

## Statements of Cash Flows

For the years ended December 31	2018	2017
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 192,698	\$ 231,771
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	67,381	70,274
Net (gain) loss on investments	625	(18)
Donated investments	(64,045)	(62,508)
(Increase) decrease in:		
Accounts receivable	6,557	(6,382)
Contributions receivable	183,705	(155,479)
Other receivables	(239,616)	-
Prepaid expenses	(17,405)	3,545
Increase (decrease) in:		
Accounts payable and accrued expenses	40,060	(33,982)
<b>Net cash provided by operating activities</b>	<u>169,960</u>	<u>47,221</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments	63,427	87,462
Purchase of property and equipment	-	(6,887)
<b>Net cash provided by investing activities</b>	<u>63,427</u>	<u>80,575</u>
<b>Cash flows from financing activities:</b>		
Payments made on notes payable	<u>(27,910)</u>	<u>(30,589)</u>
Net increase in cash and cash equivalents	205,477	97,207
Cash and cash equivalents - beginning	<u>1,371,101</u>	<u>1,273,894</u>
<b>Cash and cash equivalents - ending</b>	<u>\$ 1,576,578</u>	<u>\$ 1,371,101</u>

### Supplemental disclosure of cash flow information:

Cash paid during the year for:		
Interest	\$ 5,582	\$ 6,263

See Accompanying Notes

# International Campaign for Tibet

## Notes to Financial Statements

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December 31, 2018 and 2017

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**Note 1: Summary of significant accounting policies:**

International Campaign for Tibet (ICT) is a 501(c)(3) tax exempt, nonprofit organization based in Washington, DC. Formed in 1988, the organization works to promote human rights and democratic freedoms for the people of Tibet. ICT's major sources of revenue are from contributions, grants, and events.

Basis of accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Accordingly, revenue is recognized when earned and expenses when the obligation is incurred.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with ICT's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - Cash and cash equivalents consist of short-term, highly liquid investments with maturities of three months or less at the date of their acquisition.

Accounts receivable - Accounts receivable are stated at their net realizable value. ICT records receivables net of an allowance for doubtful accounts when necessary. The allowance is determined based on review of the estimated collectability of the specific accounts, plus a general provision based on historical loss experience and existing economic conditions. Uncollectible amounts are charged off against the allowance for doubtful accounts once management determines an account, or a portion thereof, to be worthless. Management considers all receivables to be fully collectible; therefore, no allowance for doubtful accounts has been established.

Contributions receivable - Contributions receivable consist of unconditional promises to give that are expected to be collected within one year and are recorded at their net realizable value. Conditional promises to give are not included as support until the conditions are substantially met. Management considers all promises to give to be fully collectible; therefore, no allowance for doubtful accounts has been established.

# International Campaign for Tibet

## Notes to Financial Statements

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December 31, 2018 and 2017

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**Note 1: Summary of significant accounting policies:** (continued)

Property and equipment - Property and equipment is stated at cost. Contributed property and equipment are recorded at fair value at the date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets ranging from 3 to 10 years, and an estimated 40 years for the building. Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount and fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. ICT capitalizes all additions to property and equipment over \$500.

Deferred financing costs - Deferred financing costs consist of fees and expenses incurred related to the mortgage loan and are being amortized using the straight-line method over the life of the mortgage loan.

Investments - Investments consist of equity securities and are presented in the financial statements at market prices with changes in the fair value reflected in revenue annually. Interest, dividends, and realized gains and losses are recorded as revenue when earned. ICT uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, ICT measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. There have been no changes in the valuation methodologies used during the current year. All assets are considered Level 1 and have been valued using a market approach.

Fair value measurements - The FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

# International Campaign for Tibet

## Notes to Financial Statements

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December 31, 2018 and 2017

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**Note 1: Summary of significant accounting policies:** (continued)

Fair value measurements - (continued)

Level 2 - inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Contributions - Contributions received are recorded as support with or without donor restrictions depending on the existence of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Donated assets are recognized as contribution revenue at their fair market value on the date of donation.

# International Campaign for Tibet

## Notes to Financial Statements

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December 31, 2018 and 2017

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**Note 1: Summary of significant accounting policies:** (continued)

Net assets - In the accompanying financial statements, net assets and revenue have been classified based on the existence or absence of donor-imposed restrictions. The classes of net assets are as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets that are subject to donor-imposed purpose or time restrictions.

Accounting for uncertainty in income taxes - ICT accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax effect is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for uncertain tax positions. Interest and penalties, if any, are accrued as a component of general and administrative expenses when assessed. ICT is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Similar to other tax-exempt organizations, ICT is subject to tax on unrelated business income. Tax years prior to 2015 are no longer subject to examination by the IRS or the tax jurisdiction of the District of Columbia.

During the years ended December 31, 2018 and 2017, ICT did not have net taxable income from unrelated business activities; therefore, there is no provision in these financial statements for income taxes or interest and penalties related to unrecognized tax benefits.

Change in accounting principle - On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the types of information provided about expenses and investment return. ICT has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented which had no impact on previously reported net assets.

## International Campaign for Tibet

### Notes to Financial Statements

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December 31, 2018 and 2017

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**Note 2: Liquidity and availability:**

The following reflects ICT's financial assets on December 31, 2018, reduced by amounts that are not available for general use because of donor-imposed purpose restrictions within one year of the balance sheet date.

Financial assets:	
Cash	\$ 1,576,578
Accounts receivable	254,209
Investments	<u>62</u>
	1,830,849
Less those unavailable for general expenditure within one year, due to:	
Amounts designated for future purpose restrictions	<u>(31,291)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,799,558</u>

As part of the ICT's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. ICT also has a line of credit providing for a maximum borrowing of \$200,000, which can be made available should the need arise.

**Note 3: Property and equipment:**

Property and equipment consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Land	\$ 620,568	\$ 620,568
Building	2,573,400	2,573,400
Furniture and equipment	<u>366,870</u>	<u>366,870</u>
	3,560,838	3,560,838
Less: accumulated depreciation	<u>(1,217,134)</u>	<u>(1,149,988)</u>
Property and equipment, net	<u>\$ 2,343,704</u>	<u>\$ 2,410,850</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$67,146 and \$70,040, respectively.

## International Campaign for Tibet

### Notes to Financial Statements

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December 31, 2018 and 2017

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**Note 4: Investments:**

Investments consisted of equity securities in the amount of \$62 and \$70 at December 31, 2018 and 2017, respectively.

Investment income was as follows:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 7,113	\$ 1,909
Realized gain (loss)	<u>(625)</u>	<u>18</u>
	<u>\$ 6,488</u>	<u>\$ 1,927</u>

**Note 5: Net assets with donor restrictions:**

Net assets with donor restrictions were available for grants to Tibetan photographers, filmmakers and writers, and for Tibetan earthquake relief. Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2018</u>	<u>2017</u>
Rowell fund	\$ 15,567	\$ 30,161
Earthquake Relief fund	<u>15,724</u>	<u>15,724</u>
	<u>\$ 31,291</u>	<u>\$ 45,885</u>

The following net assets with donor restrictions were released by satisfying their restricted purposes specified by the donors at December 31:

	<u>2018</u>	<u>2017</u>
Rowell fund	\$ 37,997	\$ 23,795



## International Campaign for Tibet

### Notes to Financial Statements

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December 31, 2018 and 2017

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**Note 6: Note payable:**

ICT has a mortgage note payable to a bank in the original amount of \$300,000, which was refinanced in December 2012. The note bears a fixed rate of 4.15% and requires monthly payments of \$2,779 through November 2022, the due date of the note. Any additional payments of principal are subject to a prepayment penalty. The note is secured by ICT's land, building, and furniture and equipment.

Future minimum principal payments over the next four years and thereafter are as follows:

2019	\$	29,148
2020		30,381
2021		31,666
2022		<u>23,450</u>
	\$	<u>114,645</u>

Interest expense was \$5,582 and \$6,263 for the years ended December 31, 2018 and 2017, respectively.

ICT has a line of credit providing for a maximum borrowing of \$200,000. The line of credit bears a variable rate of the Bank's Prime Rate, which cannot decrease below 4.25% or exceed 30%, and had an initial maturity date of November 24, 2014. The line of credit was renewed with a new maturity date of November 24, 2020 and is secured by ICT's receivables and fixed assets. There were no borrowings on the line of credit during 2018 and 2017 and the amount outstanding was \$-0- at December 31, 2018 and 2017.

## International Campaign for Tibet

### Notes to Financial Statements

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December 31, 2018 and 2017

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**Note 7: Allocation of joint costs:**

For the years ended December 31, 2018 and 2017, ICT incurred joint costs of \$1,141,139 and \$1,057,798, respectively, for informational materials and activities that included telemarketing and direct mail fundraising appeals that were allocated as of December 31 as follows:

	2018	2017
Tibetan empowerment	\$ 45,932	\$ 35,991
Human rights	273,564	200,332
Education and awareness	354,616	353,192
International operations	-	4,670
Campaigns	162,291	110,464
Government relations	68,406	115,397
Media and reporting	33,592	37,211
Chinese outreach	13,021	6,879
Fundraising	189,717	193,662
	<u>\$ 1,141,139</u>	<u>\$ 1,057,798</u>

**Note 8: Functional allocation of expenses:**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain supporting general and administrative costs have been allocated according to the amount the programs and supporting services benefited. Joint costs are allocated by the mailing. The allocation of percentages between program versus fundraising and development are based upon the number of paragraphs in the mailing, while salaries, benefits, payroll taxes and other expenses are allocated on the basis of estimates of time and effort. The following program services are included in the accompanying financial statements:

*Tibetan Empowerment* - Programs are designed to help educate and train members of the Tibetan community in leadership, advocacy, communications, and diplomacy and includes the Rowell Fund for Tibet.

*Human Rights* - Includes campaigns for release of Tibetan political prisoners, for the promotion of human rights in Tibet, and for religious freedom.

*HHDL* - Activities and programs which involve the participation of His Holiness the Dalai Lama and ICT offices or staff play a role.

## International Campaign for Tibet

### Notes to Financial Statements

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December 31, 2018 and 2017

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**Note 8: Functional allocation of expenses:** (continued)

*Education and Awareness* - A wide range of activities and initiatives that build greater public awareness about issues in Tibet, including the Light of Truth Award, and rehabilitation of freed political prisoners.

*International Operations* - Support for ICT's international offices, staff and consultants in Amsterdam, Berlin, London and India.

*Campaigns* - Campaigns and programs relating to the protection of the Tibetan plateau ecosystem, including opposing unchecked Chinese migration and wanton extraction of natural resources.

*Government Relations* - Work relating to programs that involve national, state, and regional governments, the U.S. Congress and Administration, European nations, and the European Union and the United Nations.

*Media and Reporting* - Principal communication activities include the newsletter (*Tibet Press Watch*), the website ([www.savetibet.org](http://www.savetibet.org)), information updates (*Reports from Inside Tibet*) and outreach to media.

*Chinese Outreach* - Creating an understanding of Tibetan issues through increased communication with various segments of the Chinese community.

**Note 9: Employee retirement plan:**

In October 1999, ICT established a 403(b) salary reduction agreement for all full-time employees meeting minimum service requirements. Contributions to the plan are made through voluntary salary reductions. ICT may make a matching contribution equal to 100% of the voluntary salary reduction, up to 5% of the employee's base salary. ICT's contributions to the plan for the years ended December 31, 2018 and 2017 were \$35,993 and \$37,709, respectively.

**Note 10: Operating leases:**

ICT leases equipment and storage space under various operating leases. There are no future minimum rental payments relating to these leases. Rental expense amounted to \$17,659 and \$19,081 for the years ended December 31, 2018 and 2017, respectively.

## **International Campaign for Tibet**

### **Notes to Financial Statements**

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**Note 11: Concentrations:**

ICT maintains cash and cash equivalents with commercial banks and a securities broker-dealer. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC) up to specified limits. At various times throughout 2018 and 2017, cash balances at these institutions exceeded the federally insured limits. ICT has not experienced any losses with respect to its cash balances.

**Note 12: Deferred financing costs:**

During the mortgage loan refinance process, ICT incurred \$2,342 of deferred financing costs which began being amortized in 2013. Accumulated amortization on these deferred financing costs was \$1,405 and \$1,171 as of December 31, 2018 and 2017, respectively. Amortization expense for each of the next four years is expected to be \$234.

**Note 13: Subsequent events:**

Subsequent events have been evaluated through May 31, 2019, which is the date the financial statements were available to be issued.

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