

International Campaign for Tibet

Financial Statements
And
Independent Auditor's Report

For the Years Ended December 31, 2019 and 2018

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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, 2019 and 2018, 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, 2019 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, 2019 and 2018, 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, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 31, 2019. In our opinion, the summarized comparative information presented in the statement of functional expenses for the year ended December 31, 2018, 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
September 23, 2020

International Campaign for Tibet

Statements of Financial Position

December 31	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,955,264	\$ 1,576,578
Accounts receivable	186,225	14,593
Other receivables	-	239,616
Prepaid expenses	87,272	67,111
Total current assets	<u>2,228,761</u>	<u>1,897,898</u>
Property and equipment, net	<u>2,301,583</u>	<u>2,343,704</u>
Other assets:		
Investments	50	62
Deposits	360	360
Deferred financing costs, net	702	937
Total other assets	<u>1,112</u>	<u>1,359</u>
Total assets	<u>\$ 4,531,456</u>	<u>\$ 4,242,961</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 122,965	\$ 119,167
Note payable, current portion	30,381	29,148
Total current liabilities	<u>153,346</u>	<u>148,315</u>
Other liabilities:		
Note payable, net of current portion	<u>55,243</u>	<u>85,497</u>
Total liabilities	<u>208,589</u>	<u>233,812</u>
Commitments		
Net assets:		
Net assets without donor restrictions	4,279,459	3,977,858
Net assets with donor restrictions	43,408	31,291
Total net assets	<u>4,322,867</u>	<u>4,009,149</u>
Total liabilities and net assets	<u>\$ 4,531,456</u>	<u>\$ 4,242,961</u>

See Accompanying Notes

International Campaign for Tibet

Statement of Activities

For the year ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 3,864,210	\$ -	\$ 3,864,210
Grants	-	68,005	68,005
Investment income	6,136	-	6,136
Other income	32,909	-	32,909
Merchandise sales	13,572	-	13,572
Net assets released from restrictions	55,888	(55,888)	-
Total support and revenue	3,972,715	12,117	3,984,832
Expenses:			
Program services:			
Tibetan empowerment	183,269	-	183,269
Human rights	404,776	-	404,776
Education and awareness	1,111,079	-	1,111,079
International operations	84,225	-	84,225
Campaigns	269,959	-	269,959
Government relations	261,319	-	261,319
Media and reporting	662,379	-	662,379
Chinese outreach	68,952	-	68,952
Total program services	3,045,958	-	3,045,958
Supporting services:			
Fundraising	476,794	-	476,794
General and administrative	148,362	-	148,362
Total supporting services	625,156	-	625,156
Total expenses	3,671,114	-	3,671,114
Change in net assets	301,601	12,117	313,718
Net assets - beginning	3,977,858	31,291	4,009,149
Net assets - ending	\$ 4,279,459	\$ 43,408	\$ 4,322,867

See Accompanying Notes

International Campaign for Tibet

Statement of Activities

For the year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
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	3,617,727	(14,594)	3,603,133
Expenses:			
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	2,760,783	-	2,760,783
Supporting services:			
Fundraising	513,480	-	513,480
General and administrative	136,172	-	136,172
Total supporting services	649,652	-	649,652
Total expenses	3,410,435	-	3,410,435
Change in net assets	207,292	(14,594)	192,698
Net assets - beginning	3,770,566	45,885	3,816,451
Net assets - ending	\$ 3,977,858	\$ 31,291	\$ 4,009,149

See Accompanying Notes

International Campaign for Tibet

Statement of Functional Expenses

For the year ended December 31, 2019 with summarized financial information for 2018

	Program Services								
	Tibetan Empowerment	Human Rights	Education and Awareness	International Operations	Campaigns	Government Relations	Media and Reporting	Chinese Outreach	Total Program
Salaries	\$ 51,252	\$ 34,439	\$ 221,664	\$ 55,203	\$ 32,089	\$ 78,506	\$ 276,018	\$ 25,238	\$ 774,409
Professional services	35,358	117,822	308,747	7,812	95,619	63,514	166,248	17,251	812,371
Printing	26,221	111,152	206,056	202	79,410	45,115	11,562	6,168	485,886
Postage	11,500	61,188	100,126	129	50,566	14,959	6,281	3,057	247,806
Health care	9,422	6,431	37,534	3,821	2,453	12,304	53,348	4,633	129,946
Travel	25,552	8	36,775	7,045	1,147	16,457	1,452	92	88,528
Building expenses	4,519	4,764	22,868	1,592	1,165	5,809	29,210	2,615	72,542
Grants/donations including earthquake relief	-	48,843	36,787	-	-	-	-	-	85,630
Payroll taxes	4,110	3,291	17,518	1,653	1,071	5,417	24,292	2,128	59,480
Depreciation and amortization	3,818	4,387	17,024	1,040	1,040	4,348	24,597	2,099	58,353
Special events	-	-	52,022	-	-	-	-	-	52,022
Bank charges	2,299	2,447	11,660	1,012	595	3,019	14,904	1,334	37,270
Retirement	2,458	2,233	10,882	885	645	3,107	14,984	1,309	36,503
Accounting and payroll	2,403	2,124	10,094	800	637	2,909	14,398	1,239	34,604
Insurance	1,413	447	4,946	751	357	2,072	7,119	626	17,731
Office supplies	1,081	565	4,859	165	166	696	5,823	337	13,692
Delivery	352	1,658	4,104	271	1,109	1,099	360	38	8,991
Telephone	587	458	2,592	633	153	767	5,449	300	10,939
State registration	-	-	-	-	-	-	-	-	-
Rent	510	362	2,078	1,049	133	681	2,926	256	7,995
Equipment rental	414	339	1,776	162	108	540	2,459	215	6,013
Dues and subscriptions	-	103	917	-	1,496	-	150	17	2,683
Training	-	1,715	50	-	-	-	-	-	1,765
Media/books	-	-	-	-	-	-	799	-	799
Total expenses	\$ 183,269	\$ 404,776	\$ 1,111,079	\$ 84,225	\$ 269,959	\$ 261,319	\$ 662,379	\$ 68,952	\$ 3,045,958

See Accompanying Notes

International Campaign for Tibet

Statement of Functional Expenses (continued)

For the year ended December 31, 2019 with summarized financial information for 2018

		Support Services				
	Total Program	Fundraising (Development)	General and Administrative	Total Supporting Services	2019 Total	2018 Total
Salaries	\$ 774,409	\$ 83,629	\$ 60,464	\$ 144,093	\$ 918,502	\$ 853,389
Professional services	812,371	156,919	50,847	207,766	1,020,137	933,617
Printing	485,886	117,382	433	117,815	603,701	570,375
Postage	247,806	31,799	347	32,146	279,952	273,308
Health care	129,946	15,600	9,030	24,630	154,576	127,872
Travel	88,528	612	101	713	89,241	155,091
Building expenses	72,542	9,123	5,837	14,960	87,502	51,524
Grants/donations including earthquake relief	85,630	-	-	-	85,630	69,246
Payroll taxes	59,480	7,237	4,213	11,450	70,930	62,794
Depreciation and amortization	58,353	6,879	4,727	11,606	69,959	67,381
Special events	52,022	10,526	-	10,526	62,548	14,567
Bank charges	37,270	4,686	2,805	7,491	44,761	56,259
Retirement	36,503	4,434	2,701	7,135	43,638	35,994
Accounting and payroll	34,604	4,115	2,581	6,696	41,300	37,455
Insurance	17,731	2,150	992	3,142	20,873	13,004
Office supplies	13,692	1,647	1,560	3,207	16,899	21,379
Delivery	8,991	4,291	39	4,330	13,321	13,488
Telephone	10,939	1,015	593	1,608	12,547	18,626
State registration	-	12,101	-	12,101	12,101	10,480
Rent	7,995	867	503	1,370	9,365	9,818
Equipment rental	6,013	731	430	1,161	7,174	7,841
Dues and subscriptions	2,683	103	159	262	2,945	6,546
Training	1,765	948	-	948	2,713	-
Media/books	799	-	-	-	799	381
Total expenses	\$ 3,045,958	\$ 476,794	\$ 148,362	\$ 625,156	\$ 3,671,114	\$ 3,410,435

See Accompanying Notes

International Campaign for Tibet

Statements of Cash Flows

For the years ended December 31	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 313,718	\$ 192,698
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	69,959	67,381
Net loss on investments	12	625
Donated investments	(33,515)	(64,045)
(Increase) decrease in:		
Accounts receivable	(171,632)	6,557
Contributions receivable	-	183,705
Other receivables	239,616	(239,616)
Prepaid expenses	(20,161)	(17,405)
Increase (decrease) in:		
Accounts payable and accrued expenses	3,798	40,060
Net cash provided by operating activities	<u>401,795</u>	<u>169,960</u>
Cash flows from investing activities:		
Proceeds from sale of investments	33,515	63,427
Purchase of property and equipment	(27,603)	-
Net cash provided by investing activities	<u>5,912</u>	<u>63,427</u>
Cash flows from financing activities:		
Payments made on note payable	(29,021)	(27,910)
Net increase in cash and cash equivalents	378,686	205,477
Cash and cash equivalents - beginning	<u>1,576,578</u>	<u>1,371,101</u>
Cash and cash equivalents - ending	<u>\$ 1,955,264</u>	<u>\$ 1,576,578</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	\$ 4,832	\$ 5,582

See Accompanying Notes

International Campaign for Tibet

Notes to Financial Statements

December 31, 2019 and 2018

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, 2018, 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

December 31, 2019 and 2018

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

December 31, 2019 and 2018

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

December 31, 2019 and 2018

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 2016 are no longer subject to examination by the IRS or the tax jurisdiction of the District of Columbia.

During the years ended December 31, 2019 and 2018, 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 - During 2019, ICT adopted Accounting Standards Update (ASU) 2018-08 - *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance to better distinguish between conditional and unconditional contributions. ICT applied the requirements on a modified prospective basis to agreements that either are not completed as of January 1, 2019 or entered into after January 1, 2019. There were no changes as a result of this new standard.

International Campaign for Tibet

Notes to Financial Statements

December 31, 2019 and 2018

Note 2: Liquidity and availability:

The following reflects ICT's financial assets on December 31, 2019 and 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.

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash	\$ 1,955,264	\$ 1,576,578
Accounts receivable	186,225	254,209
Investments	50	62
	<u>2,141,539</u>	<u>1,830,849</u>
Less those unavailable for general expenditure within one year, due to:		
Amounts designated for future purpose restrictions	<u>(43,408)</u>	<u>(31,291)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,098,131</u>	<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>2019</u>	<u>2018</u>
Land	\$ 620,568	\$ 620,568
Building	2,573,400	2,573,400
Furniture and equipment	394,474	366,870
	<u>3,588,442</u>	<u>3,560,838</u>
Less: accumulated depreciation	<u>(1,286,859)</u>	<u>(1,217,134)</u>
Property and equipment, net	<u>\$ 2,301,583</u>	<u>\$ 2,343,704</u>

Depreciation expense for the years ended December 31, 2019 and 2018 was \$69,725 and \$67,146, respectively.

International Campaign for Tibet

Notes to Financial Statements

December 31, 2019 and 2018

Note 4: Investments:

Investments consisted of equity securities in the amount of \$50 and \$62 at December 31, 2019 and 2018, respectively.

Total investment income from all sources was as follows:

	2019	2018
Interest and dividends	\$ 6,147	\$ 7,113
Realized loss	(11)	(625)
	<u>\$ 6,136</u>	<u>\$ 6,488</u>

Note 5: 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 \$1,640 and \$1,405 as of December 31, 2019 and 2018, respectively. Amortization expense for each of the next three years is expected to be \$234.

Note 6: 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:

	2019	2018
Rowell fund	\$ -	\$ 15,567
IBU grant	11,979	-
Peretti grant	15,705	-
Earthquake relief fund	15,724	15,724
	<u>\$ 43,408</u>	<u>\$ 31,291</u>

International Campaign for Tibet

Notes to Financial Statements

December 31, 2019 and 2018

Note 6: Net assets with donor restrictions: (continued)

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

	<u>2019</u>	<u>2018</u>
Rowell fund	\$ 15,567	\$ 37,997
IBU grant	<u>40,321</u>	<u>-</u>
	<u>\$ 55,888</u>	<u>\$ 37,997</u>

Note 7: 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 three years and thereafter are as follows:

2020	\$ 30,381
2021	31,666
2022	<u>23,577</u>
	<u>\$ 85,624</u>

Interest expense was \$4,832 and \$5,582 for the years ended December 31, 2019 and 2018, 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 2019 and 2018 and the amount outstanding was \$-0- at December 31, 2019 and 2018.

International Campaign for Tibet

Notes to Financial Statements

December 31, 2019 and 2018

Note 8: Allocation of joint costs:

For the years ended December 31, 2019 and 2018, ICT incurred joint costs of \$1,210,567 and \$1,141,139, respectively, for informational materials and activities that included telemarketing and direct mail fundraising appeals that were allocated as of December 31 as follows:

	2019	2018
Tibetan empowerment	\$ 50,729	\$ 45,932
Human rights	238,869	273,564
Education and awareness	423,540	354,616
International operations	4,638	-
Campaigns	179,426	162,291
Government relations	92,876	68,406
Media and reporting	17,968	33,592
Chinese outreach	10,910	13,021
Fundraising	191,611	189,717
	<u>\$ 1,210,567</u>	<u>\$ 1,141,139</u>

Note 9: 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.

International Campaign for Tibet

Notes to Financial Statements

December 31, 2019 and 2018

Note 9: 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), 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 10: 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, 2019 and 2018 were \$43,638 and \$35,994, respectively.

Note 11: Operating leases:

ICT leases equipment and storage space under various operating leases on a month to month basis. There are no future minimum rental payments relating to these leases. Rental expense amounted to \$16,539 and \$17,659 for the years ended December 31, 2019 and 2018, respectively.

International Campaign for Tibet

Notes to Financial Statements

December 31, 2019 and 2018

Note 12: 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 2019 and 2018, cash balances at these institutions exceeded the federally insured limits. ICT has not experienced any losses with respect to its cash balances.

Note 13: Subsequent events:

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus disease ("COVID-19") as a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact net income. Other financial impact could occur though such potential impact is unknown at this time.

In April 2020, ICT was granted a loan in the amount of \$220,700 pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan carries a term of 24 months and matures in April 2022, and bears interest at a rate of 1.00% per annum. Funds from the loan may be used only for payroll and employee benefit costs, interest on mortgage obligations incurred before February 15, 2020, and rent and utility expenses covered under agreements entered into before February 15, 2020. Under the terms of the PPP, the loan will be forgiven if the funds are used only for such qualifying expenses and if the Company maintains its current level of staff and payroll.

Subsequent events have been evaluated through September 23, 2020, which is the date the financial statements were available to be issued.

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