

July 10, 2014

To the Board of Directors and the Audit Committee
International Campaign for Tibet

We have audited the financial statements of International Campaign for Tibet (ICT) for the year ended December 31, 2013, and have issued our report thereon dated July 10, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 16, 2014, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of ICT and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of ICT. We communicate our significant findings at the conclusion of the audit and internal control related matters that are required to be communicated under professional standards.

Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by ICT are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no transactions entered into by ICT during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was management's allocations of joint costs to program services and fundraising. These allocations are based on the content of informational materials. We evaluated the key factors and assumptions used to develop the allocation of joint costs in determining that it is reasonable in relation to the financial statements taken as a whole. The allocations are summarized in Note 7 to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the disclosure of cash balances in excess of federally insured limits in Note 2.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a *disagreement with management* as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, which could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 10, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to ICT’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Service Provider Controls

ICT’s outsourced contribution processor and database manager obtains an annual third-party report on its internal controls, which include testing of the controls (SSAE 16 report). However, the report covering the year ended 2012 was not completed until October 2013. The 2013 report is not available as of the date of this letter. We obtained a written representation from the CEO of the service provider stating that the internal controls as described in the 2012 SSAE report have not changed. ICT should consider making the completion of this report within a reasonable period of time a condition of its continued relationship. Normally, such reports would be available within eight weeks of the period end.

Agreement with International Law and Policy Institute

There is no formal agreement for this grant by International Law and Policy Institute (ILPI). ICT should request an annual written agreement that clearly sets forth the terms and conditions of the grant.

Other Audit Findings or Issues

ILPI gives ICT a grant each year in order to accomplish certain goals. ICT is required to report on how the grant was expensed and include a Schedule of Revenue and Expenses in the supplementary information of the financial statements. There was no signed agreement for the 2013 grant. Watkins Meegan recommends that ICT have a written agreement each year a grant is given to ICT.

To the Board of Directors and the Audit Committee
International Campaign for Tibet
July 10, 2014
Page 4

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as ICT's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Audit Committee and management of International Campaign for Tibet and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Watkins Meegan LLC". The signature is written in a cursive, flowing style.

International Campaign for Tibet

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2013 AND 2012

WATKINS | MEEGAN

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities and Change in Net Assets	3
Statements of Cash Flows	4
Notes to Financial Statements	5
Supplementary Information	
Schedule of Functional Expenses	11
Schedules of Revenue and Expenses – Understanding Refugees and Child Rights	12

Independent Auditors' Report

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

We have audited the accompanying financial statements of International Campaign for Tibet, which comprise the statements of financial position as of December 31, 2013 and 2012, the related statements of activities and change in net assets and statements of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of International Campaign for Tibet as of December 31, 2013 and 2012 and the change 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 Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 11 and 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the financial statements as a whole.



Tysons, Virginia
July 10, 2014

INTERNATIONAL CAMPAIGN FOR TIBET

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2013	2012
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,698,568	\$ 1,313,923
Accounts Receivable	33,304	863
Contributions Receivable	-	50,000
Grant Receivable	14,000	13,000
Prepaid Expenses	59,123	50,081
	<hr/>	<hr/>
Total Current Assets	1,804,995	1,427,867
PROPERTY AND EQUIPMENT, Net	2,668,759	2,744,856
OTHER ASSETS		
Investments	174,216	123,270
Deposit	360	360
Deferred Financing Costs, Net of Accumulated Amortization of \$234 and \$0, Respectively	2,108	2,342
	<hr/>	<hr/>
	176,684	125,972
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 4,650,438</u>	<u>\$ 4,298,695</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 160,827	\$ 208,479
Note Payable, Current Portion	23,551	22,594
	<hr/>	<hr/>
Total Current Liabilities	184,378	231,073
NOTE PAYABLE, Net of Current Portion	224,668	247,959
	<hr/>	<hr/>
Total Liabilities	409,046	479,032
NET ASSETS		
Unrestricted Net Assets	4,091,719	3,627,969
Temporarily Restricted Net Assets	149,673	191,694
	<hr/>	<hr/>
Total Net Assets	4,241,392	3,819,663
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,650,438</u>	<u>\$ 4,298,695</u>

INTERNATIONAL CAMPAIGN FOR TIBET

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

	Year Ended December 31, 2013			Year Ended December 31, 2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Contributions	\$ 3,391,062	\$ 23,875	\$ 3,414,937	\$ 2,575,225	\$ 70,410	\$ 2,645,635
Grants	25,000	404,531	429,531	50,000	397,843	447,843
Foundations	125,920	-	125,920	125,920	-	125,920
Investment Income	22,994	-	22,994	16,652	-	16,652
Other Income	26,427	-	26,427	26,310	-	26,310
Sales	19,073	-	19,073	14,369	-	14,369
Net Assets Released from Restrictions: Satisfaction of Program Restrictions	470,427	(470,427)	-	478,125	(478,125)	-
Total Support and Revenue	<u>4,080,903</u>	<u>(42,021)</u>	<u>4,038,882</u>	<u>3,286,601</u>	<u>(9,872)</u>	<u>3,276,729</u>
EXPENSES						
Program Services:						
Human Rights	149,677	-	149,677	195,705	-	195,705
Support for Dialogue	404,560	-	404,560	427,722	-	427,722
Education and Awareness	516,396	-	516,396	632,624	-	632,624
International Operations	54,109	-	54,109	66,913	-	66,913
Campaigns	96,540	-	96,540	84,032	-	84,032
Government Relations	355,829	-	355,829	362,261	-	362,261
Media and Reporting	565,238	-	565,238	493,499	-	493,499
Chinese Outreach	204,433	-	204,433	246,665	-	246,665
Refugees	4,572	-	4,572	27,965	-	27,965
Sustainability	17,442	-	17,442	30,886	-	30,886
Total Program Services	<u>2,368,796</u>	<u>-</u>	<u>2,368,796</u>	<u>2,568,272</u>	<u>-</u>	<u>2,568,272</u>
Supporting Services – Management and General						
Fundraising	943,058	-	943,058	714,035	-	714,035
General and Administrative	305,299	-	305,299	171,779	-	171,779
Total Supporting Services	<u>1,248,357</u>	<u>-</u>	<u>1,248,357</u>	<u>885,814</u>	<u>-</u>	<u>885,814</u>
Total Expenses	<u>3,617,153</u>	<u>-</u>	<u>3,617,153</u>	<u>3,454,086</u>	<u>-</u>	<u>3,454,086</u>
CHANGE IN NET ASSETS	463,750	(42,021)	421,729	(167,485)	(9,872)	(177,357)
NET ASSETS, Beginning of Year	<u>3,627,969</u>	<u>191,694</u>	<u>3,819,663</u>	<u>3,795,454</u>	<u>201,566</u>	<u>3,997,020</u>
NET ASSETS, End of Year	<u>\$ 4,091,719</u>	<u>\$ 149,673</u>	<u>\$ 4,241,392</u>	<u>\$ 3,627,969</u>	<u>\$ 191,694</u>	<u>\$ 3,819,663</u>

INTERNATIONAL CAMPAIGN FOR TIBET

STATEMENTS OF CASH FLOWS

	<u>Year Ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 421,729	\$ (177,357)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization Expense	76,331	79,594
Net Gain on Investments	(20,166)	(13,936)
Donated Investments	(30,780)	(20,338)
Change in:		
Accounts Receivable	(32,441)	15,862
Contributions Receivable	50,000	23,999
Grant Receivable	(1,000)	(4,000)
Prepaid Expenses	(9,042)	1,643
Accounts Payable and Accrued Expenses	(47,652)	62,152
Amounts Held for Others	-	(50,966)
	<u>406,979</u>	<u>(83,347)</u>
CASH USED IN INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(1,904)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Notes Payable	(22,334)	(8,774)
Cost of Refinancing Note Payable	-	(2,342)
	<u>(22,334)</u>	<u>(11,116)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	384,645	(96,367)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>1,313,923</u>	<u>1,410,290</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 1,698,568</u>	<u>\$ 1,313,923</u>
SUPPLEMENTAL DISCLOSURE		
Interest Paid	<u>\$ 11,019</u>	<u>\$ 11,876</u>

INTERNATIONAL CAMPAIGN FOR TIBET

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

International Campaign for Tibet (ICT) is based in Washington, DC and is a 501(c)(3) tax-exempt, nonprofit organization. ICT 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 financial statements have been prepared on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses when the obligation is incurred.

Cash and Cash Equivalents

ICT considers all short-term, highly liquid investments with maturities of three months or less at the date of their acquisition to be cash and cash equivalents.

Accounts Receivable

Accounts receivable are stated at their net realizable value. ICT records receivables net of allowance for doubtful accounts when necessary. The allowance is determined based on review of the estimated collectibility 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.

Grant Receivable

Grant receivable consists of an amount due from a not-for-profit organization resulting from allowable expenditures incurred that have not been recovered from the not-for-profit organization as of the end of the fiscal year.

Property and Equipment

Property and equipment are stated at cost. Contributed property and equipment are recorded at fair value at the date of donation. The capitalization threshold is \$500. Depreciation is calculated using the straight-line method with estimated useful lives for furniture and equipment ranging from three to 10 years and an estimated useful life of 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.

INTERNATIONAL CAMPAIGN FOR TIBET

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 has determined the fair value of certain assets as required by the *Fair Value Measurement* topic of the FASB Accounting Standards Codification (FASB ASC). This topic establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and provide the highest quality inputs; Level 2 inputs are based primarily on quoted prices for identical or similar assets or liabilities in active or inactive markets as significant other observable inputs; Level 3 inputs provide the lowest quality inputs because there are no significant observable inputs. 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.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Donated assets are recognized as contribution revenue at their fair market value on the date of donation. There are no permanently restricted net assets at December 31, 2013 and 2012.

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:

Unrestricted – Represents net assets available for the general operations of ICT.

Temporarily Restricted – Represents net assets that are subject to donor-imposed purpose or time restrictions.

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 and change in net assets. Accordingly, certain supporting general and administrative costs have been allocated according to the amount the programs and supporting services benefited.

The following program and supporting services are included in the accompanying financial statements:

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, 2013 AND 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses (Continued)

Support for Dialogue – Programs that support ICT’s mission statement including promoting self-determination for the Tibetan people through negotiations between the Chinese government and His Holiness the Dalai Lama or his representatives.

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

International Operations – Support for ICT’s international offices, staff and consultants in Amsterdam, Berlin, India and Nepal.

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.

Refugees – Advocacy and oversight to protect the rights of Tibetan refugees passing through or remaining in Nepal and in India, and assistance to the Central Tibetan Administration and State Department in the launching of a Tibetan refugee resettlement program in the United States.

Sustainability – A fund to benefit Tibetan communities called “The Private Partnership for the Sustainability of Tibetan Communities.”

Income Taxes

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 2010 are no longer subject to examination by the IRS or the tax jurisdiction of the District of Columbia.

In accordance with the provisions *Income Taxes* topic of the FASB ASC, ICT has performed an evaluation of its tax positions and believes it has appropriate support for its tax positions taken.

During the years ended December 31, 2013 and 2012, ICT did not have net taxable income from unrelated business activity; therefore, there is no provision in these financial statements for income taxes or interest and penalties related to unrecognized tax benefits.

INTERNATIONAL CAMPAIGN FOR TIBET

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Subsequent Events

ICT has evaluated subsequent events through July 10, 2014, the date on which the financial statements were available to be issued.

NOTE 2 – CONCENTRATION OF CREDIT RISK

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. Balances in excess of FDIC and SIPC limits are uninsured. The total amount exceeding federally insured limits at December 31, 2013 was approximately \$1,000,000.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
Land	\$ 620,568	\$ 620,568
Building	2,573,400	2,573,400
Furniture and Equipment	<u>382,456</u>	<u>382,456</u>
	3,576,424	3,576,424
Less Accumulated Depreciation	<u>(907,665)</u>	<u>(831,568)</u>
	<u>\$ 2,668,759</u>	<u>\$ 2,744,856</u>

Depreciation for the years ended December 31, 2013 and 2012 was \$76,097 and \$76,563, respectively.

INTERNATIONAL CAMPAIGN FOR TIBET

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NOTE 4 – INVESTMENTS

Investments consist of equity securities in the amount of \$174,216 and \$123,270 at December 31, 2013 and 2012, respectively.

Investment income is as follows:

	<u>Year Ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
Interest and Dividends	\$ 2,828	\$ 2,716
Unrealized Gain	20,166	13,936
	<u>\$ 22,994</u>	<u>\$ 16,652</u>

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets amounted to \$149,673 and \$191,694 at December 31, 2013 and 2012, respectively, and were available for grants to Tibetan photographers, filmmakers and writers.

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 percent 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. Following is a schedule of required principal payments on the note payable:

<u>Year Ended December 31,</u>	
2014	\$ 23,551
2015	24,546
2016	25,584
2017	26,667
2018	27,795
Thereafter	<u>120,076</u>
	<u>\$ 248,219</u>

Interest expense amounted to \$11,019 and \$11,876 for 2013 and 2012, 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 percent or exceed 30 percent, and matures on November 24, 2014. The line of credit is secured by ICT's receivables and fixed assets. The amount outstanding on the line of credit was \$0 at December 31, 2013 and 2012.

INTERNATIONAL CAMPAIGN FOR TIBET

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

NOTE 7 – ALLOCATION OF JOINT COSTS

For the years ended December 31, 2013 and 2012, ICT incurred joint costs of \$951,412 and \$709,404, respectively, for informational materials and activities that included telemarketing and direct mail fundraising appeals that were allocated as follows:

	<u>Year Ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
Education and Awareness	\$ 251,625	\$ 273,886
Fundraising	285,208	188,595
Human Rights	63,881	94,431
Government Relations	70,416	86,612
Campaigns	150,950	27,718
Media and Reporting	75,259	25,168
Chinese Outreach	54,073	7,592
Support for Dialogue	-	5,402
	<u>\$ 951,412</u>	<u>\$ 709,404</u>

NOTE 8 – 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 percent of the voluntary salary reduction, up to 5 percent of the employee's base salary. ICT's contributions to the plan for the years ended December 31, 2013 and 2012 were \$30,645 and \$32,829, respectively.

NOTE 9 – 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 \$13,712 and \$13,897 for 2013 and 2012, respectively.

INTERNATIONAL CAMPAIGN FOR TIBET

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2013 AND 2012

INTERNATIONAL CAMPAIGN FOR TIBET

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2013

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2012)

	Program Services									Support Services		2013 Total	2012 Total	
	Human Rights	Understanding Refugee and Child Rights	Education and Awareness	International Operations	Campaigns	Government Relations	Media and Reporting	Chinese Outreach	Refugees	Sustainability	Fundraising (Development)			General and Administrative
Salaries and Wages	\$ 21,286	\$ 210,661	\$ 162,086	\$ 20,938	\$ 15,953	\$ 173,748	\$ 201,178	\$ 14,570	\$ 1,491	\$ 9,255	\$ 92,822	\$ 146,760	\$ 1,070,748	\$ 1,017,543
Professional Services	23,879	76,196	96,476	12,450	25,623	55,642	152,040	44,872	791	2,185	329,261	68,221	887,636	912,458
Printing	20,847	568	67,608	53	35,525	17,899	26,080	32,738	26	73	204,474	5,871	411,762	388,090
Postage	13,627	392	29,814	10	11,555	9,688	17,940	26,635	5	45	219,604	738	330,053	318,780
Travel	141	66,809	18,967	11,342	1,751	4,805	29,267	5,073	30	134	13,100	8,037	159,456	163,893
Health Care	2,195	7,743	18,076	1,530	1,075	18,207	26,853	14,668	396	1,008	13,078	14,586	119,415	99,537
Grants/Donations	58,420	300	44,913	-	-	-	-	-	-	-	-	-	103,633	64,180
Payroll Taxes	1,589	5,931	13,771	1,078	765	13,510	20,091	10,762	283	777	9,783	9,364	87,704	79,339
Depreciation and Amortization	1,336	5,152	11,641	954	572	11,450	16,984	8,969	191	572	8,396	10,114	76,331	79,594
Building Expenses	1,149	4,131	10,071	667	651	9,677	14,540	7,893	276	703	6,882	7,327	63,967	72,918
Office Supplies	842	3,532	10,161	3,052	390	7,048	12,237	5,626	112	400	8,621	9,718	61,739	47,752
Consultants	1,111	-	8,888	556	1,111	8,888	13,331	11,110	556	1,111	5,555	3,333	55,550	-
Accounting and Payroll	622	2,092	5,310	173	346	4,851	7,461	3,988	173	434	3,447	3,443	32,340	37,318
Retirement	532	2,048	4,664	398	245	4,611	6,828	3,639	82	238	3,360	4,000	30,645	32,829
Bank Charges	447	1,954	4,700	426	194	4,109	6,198	3,156	66	230	3,766	4,021	29,267	29,487
Insurance	810	1,901	4,082	47	94	4,323	6,366	3,325	47	93	3,328	4,093	28,509	33,185
Telephone	128	13,545	1,376	109	27	1,264	2,883	1,484	-	40	986	3,410	25,252	34,163
State Registration	-	-	-	-	-	-	-	-	-	-	10,302	-	10,302	3,958
Delivery	442	197	1,447	156	548	666	1,627	542	5	26	3,717	369	9,742	13,928
Dues and Subscriptions	20	487	109	8	15	3,376	276	3,761	8	18	897	93	9,068	10,898
Equipment Rental	138	509	1,140	88	52	1,130	1,674	881	17	55	834	1,014	7,532	8,525
Rent	116	412	935	74	48	937	1,384	741	17	45	684	787	6,180	5,372
Media/Books	-	-	161	-	-	-	-	-	-	-	161	-	322	85
Special Events	-	-	-	-	-	-	-	-	-	-	-	-	-	254
	<u>\$ 149,677</u>	<u>\$ 404,560</u>	<u>\$ 516,396</u>	<u>\$ 54,109</u>	<u>\$ 96,540</u>	<u>\$ 355,829</u>	<u>\$ 565,238</u>	<u>\$ 204,433</u>	<u>\$ 4,572</u>	<u>\$ 17,442</u>	<u>\$ 943,058</u>	<u>\$ 305,299</u>	<u>\$ 3,617,153</u>	<u>\$ 3,454,086</u>

INTERNATIONAL CAMPAIGN FOR TIBET

SCHEDULES OF REVENUE AND EXPENSES – UNDERSTANDING REFUGEES AND CHILD RIGHTS

	<u>Year Ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
REVENUE		
Grant	\$ 404,531	\$ 397,843
EXPENSES		
Salary – Executive Chairman	100,835	63,923
Salary – Vice President for Special Programs	474	55,072
Salary – Deputy Director for Special Programs	3,822	25,029
Salary – Deputy Director for Chinese Outreach	41,046	27,793
Salary – Research Analyst	64,484	-
Benefits and Related Payroll Expenses	15,722	18,560
Professional Services and Consultants	76,196	85,290
Travel	66,780	74,958
Telephone	13,545	16,944
Depreciation	5,152	6,900
Occupancy	3,419	5,734
Office Supplies	3,531	5,497
Accounting and Payroll	2,092	3,039
Bank Charges	2,666	3,217
Insurance	1,901	2,494
Printing	568	745
Equipment Rental	510	771
Dues and Subscriptions	487	446
Rent	412	428
Postage	392	533
Donations	300	-
Delivery	197	470
	<u>404,531</u>	<u>397,843</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>

WATKINS | MEEGAN

www.WatkinsMeegan.com

BETHESDA



ANNAPOLIS



TYSONS



HERNDON