



August 15, 2009

Zen Center of Los Angeles Financial Report to the Sangha 2007-08

Dear Friends and Sangha Members,

I am writing to provide you with a report on the Center's financial performance for the years 2007 and 2008.

REPORT ON OPERATIONS 2007

Revenue: Our **operating revenue** in 2007 was \$452,210, against a budget of \$437,911. We ended up \$14,299 above our revenue projection. While we did not generate the revenue we had projected in our program categories, the results of our fundraising campaigns (this was the year of ZCLA's 40th anniversary celebration) were above our expectations.

Expense: Our **operating expenses** were \$453,045, against a budget of \$438,172. While some categories came in slightly below projections, the expenses for the 40th Anniversary celebration and fundraising expenses were higher than originally budgeted.

As these figures show, if you look solely at operating revenue (\$452,210) and expenses (\$453,045), our operations were very closely balanced.

However, in addition to its operating expenses, the Center also incurs various capital expenses each year devoted to the upkeep or improvement of our

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Honorary Founder 1967
Baian Hakujun Daiosho
Founding Abbot 1967-1995
Taizan Maezumi Roshi
Abbot 1995-1999
Roshi Bernard Glassman
Abbot 1999-
Roshi Wendy Egyoku Nakao

BOARD OF DIRECTORS
Wendy Nakao, Abbot
Patti Giggans, President
John Buksbazen, Secretary
Thomas Reichert, Treasurer
Betsy Brown
Darla Fjeld
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Catherine Hillary Stephenson
Robert Swan
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Thomas Webb

buildings and grounds. In addition to operating expenses, which involve day-to-day spending, in 2007 we had various **capital expenses** connected with the upkeep of our buildings and grounds and our continuing effort to provide a safe environment in which to practice. We anticipate a certain amount of annual capital expenses that are naturally associated with the upkeep of our property. These expenses in 2007 were \$14,418.

In addition to these ordinary capital expenses, in 2007 we undertook a series of additional capital improvement projects at the Center, which were funded from the proceeds of a generous bequest. In making their wills in 1978, long time Zen Center member Dolores Ejun Lowell and her husband, Vernon Lowell, designated certain real property in San Diego to go to the Center. ZCLA received proceeds of \$445,000 from the sale of this property in 2004. The Board set the funds aside in order to carefully consider uses for this generous bequest. Over the past few years we have used portions of these monies for various projects to enhance the Center. The year 2007 involved ongoing construction projects and upgrades around our grounds, with much of the work paid for through the Lowell's generous gift to the Center. Here is how this portion of the Lowell funds were used in unusual capital expenses in 2007:

Sangha House Office Remodel and Bathroom Renovations	\$27,497
Zendo Exterior Painting	\$6,850
ZCLA Grounds Projects	\$15,690
Website Redesign	\$2,665
Total	\$52,702

Finally on the expense side, we break up the amount of each payment on our **mortgage** into the principal and interest component, and report them separately. The total amount paid in principal in 2007 was \$5,491.

Conclusion. Taking these items into account, the 2007 results are as follows:

Operating Revenue	\$452,210
Operating Expenses	(\$453,045)
Subtotal	(\$835)

Ordinary Capital Expenses	(\$14,418)
Special Capital Expenses	(\$52,702)
Lowell Bequest Fund Transfer	\$52,702
Mortgage Principal	(\$5,491)
Total	(\$20,744)

As this reflects, we ended 2007 with a \$20,744 deficit. We had projected a deficit of \$15,415, so our actual results were close to our forecast. The Center's financial reserves allowed us to continue operating despite incurring this \$20,000 deficit.

REPORT ON OPERATIONS 2008

Revenue: Our **operating revenue** in 2008 was \$434,538.84, against a budget of \$429,468. We ended up \$5,070 above our revenue projection. The primary reasons for this appear to be twofold: first, our sesshin revenue was higher than usual, largely due to revenue from the Painting Retreat that was connected with the Year-End Sesshin. Second, through the generous support of our Sangha and friends, our year-end fundraising appeal was successful. On the other hand, membership fees from non-resident members were approximately 93% of our projection. Also, bookstore revenue was down substantially, at 70% of projection.

We also received a \$42,725 grant from the **Angell Foundation** to support our "Under the Bones of the Master" program. (We received these funds in 2007, but they were to be spent in 2008, so I have include them in the 2008 figures.) Of the \$42,725, we spent \$9,547.93 on outside expenses associated with the program (consultants, visiting teachers, etc.), with the remainder used to pay for internal expenses associated with the program. When you add the Angell funds to the normal operating revenue, our **total revenue was \$477,263.84.**

Expense: Our **operating expenses** were \$447,373.78, against a budget of \$459,258.00. While some categories of expenses were slightly below budget – including personnel, facilities, and "other" expenses – others came in a bit higher than budget, including program expenses (largely due to the extra expenses for the Painting Retreat) and, to a smaller extent, fundraising and bookstore expenses. Finally, we ended up spending less on outside speakers for the "Under the Bones of the Master" class than originally projected, with Roshi devoting much more time to supporting this program than was originally planned.

In addition to operating expenses, which involve day-to-day spending, we had various **capital expenses** connected with the upkeep of our buildings and grounds and our continuing effort to provide a safe environment in which to practice. The expenses in 2008 were follows:

Repair of Dharma Hall front steps	\$750.00
Replace Sangha House front walkway	\$2,400.00
Replace Pundarika retaining wall	\$10,850.00
Replace Nilotpala hot water heater	\$2,822.75
Total:	\$16,922.75

Finally, we break up the amount of each payment on our **mortgage** into the principal and interest component, and report them separately. The total amount paid in principal in 2008 was \$5,916.99.

Conclusion. Taking all these items into account, the 2008 results are as follows:

Operating Revenue	\$434,538.84
Angell Foundation Grant	\$42,725.00
Operating Expenses	(\$447,373.78)
Subtotal	\$29,890.06
Capital Expenses	(\$16,922.75)
Mortgage Principal	(\$5,916.99)
Total	\$7,050.32

As this reflects, we ended 2008 with revenue slightly ahead expenses. This was a remarkable turn-around, since as late as November 2008 we were \$25,000 in the red. Thanks to substantial revenue at year end, in particular due to a terrific response to our Year End appeal, we managed to turn the situation around.

REPORT ON VARIOUS RESTRICTED FUNDS

Either through the decisions of the Board or based on certain designations by donors, we maintain a series of restricted funds that are designated for particular purposes. Here are reports on the status of various internally-restricted funds as of December 31, 2008.

A. Dharma Training Fund

The Dharma Training Fund is maintained as a separate, internally-restricted fund. We receive donations for it through the year, and these funds are then used to help support practitioners and programs at the Center. If the revenue exceeds expense, at the end of the year the difference is transferred to the Center's Balance Sheet and carried forward.

In 2008, we received donations to the Dharma Training Fund of \$8,508.10. We spent \$6,514, leading to a net increase of \$1,994.10. This was then added to the prior balance on the Balance Sheet. As of December 31, 2008, the Dharma Training Fund balance was \$9,312.23.

B. Lowell Bequest

The Lowell Bequest currently is maintained in two components. First, to support our Abbot Emeritus Roshi Bernie Glassman and the Zen Peacemakers in the development of their training center in Massachusetts, the ZCLA Board agreed to pledge \$75,000 of the Lowell Bequest as collateral for a construction loan they needed to build the House of One People. This \$75,000 is on deposit with a Massachusetts bank in a CD account. Since inception, we have earned \$5,357.40 in interest on the CD. The remainder of the Lowell Bequest are maintained in ZCLA accounts with Merrill Lynch. As of December 31, 2008, the amount with Merrill Lynch was \$142,029.33. Accordingly, as of December 31, 2008, the combined balance of the Lowell Bequest funds was \$217,029.33.

C. Sujata Fund

The Sujata Fund was established by Sensei Daniel Nagacitta Buckley for the support of women's practice at the Center. It is administered by Roshi. During 2008, we used \$3,960 of the Fund, and no additional revenue was received. As of December 31, 2008, the balance was \$8,528.10.

D. Angulimala Prison Project

The Angulimala Prison Project funds are maintained as a separate, internally-restricted account for use by the Prison Project. In 2008, we received donations for the project of \$2,891, and the project spent \$2,338.43. The balance of \$552.57 was transferred at year end to the balance sheet for future use.

E. Transportation Fund

The Transportation Fund was established through the gift of an anonymous donor, whose generous support has continued annually. The fund was established to fund long-distance travel to and from ZCLA for practitioners who practice here. As of December 31, 2008, the fund's balance was \$4,399.

Concluding Remarks

ZCLA continues to exist because of the generosity of many, both past and present. As our results make plain, without the generosity of our donors, we could not function in any form resembling our current one. In 2008, more than 20% of our revenue came from donations and from the Angell Foundation grant. The extraordinary gift from Dolores Ejun and Vernon Lowell has been an important source of funds and has allowed us to undertake vital improvements to our buildings, grounds, and offerings. Indeed, in 2009, we continue to draw on this generosity, as we have undertaken a number of projects, including the Zendo remodel and the necessary painting of several buildings, among others. By leaving a bequest in their will back in 1978, the Lowells planted a seed that continues to bear fruit today, more than three decades later. The recently-inaugurated Legacy Circle provides a vehicle for such donations now, which will hopefully support us decades into the future, as we continue our mission to serve others by providing the teaching, training, and transmission of Zen Buddhism.

I want to express my thanks to all of you for your practice and your continuing support of the Center. I am also very grateful too to the people who labor daily to keep the Center functioning and, in particular, who support the incredibly efficient financial operation of the Center. The Center's continued healthy financial functioning is the result of many hands and eyes, including those people who make up the Board of Directors and its Finance, Fundraising, Endowment and Investment Committees, the Executive Circle, and our Angell Foundation grant writers. I am

particularly grateful to Mary Rios, our Business Manager, without whom I would be lost in fulfilling this function. Finally, thanks to Roshi Egyoku Nakao for her ongoing support and tireless efforts on behalf of us all.

If you have any questions about this financial report, or any other question regarding the Center's financial operations, please feel free to contact me.

Sincerely,

Tom Dharma-Joy Reichert

Chief Financial Officer

SUMMARY TABLES OF FINANCIAL RESULTS: 2007/2008

2007

2007 Revenue

Membership	\$76,662.42
Program	\$37,407.36
Fundraising	\$104,139.20
Facilities	\$211,447.89
Bookstore	\$16,388.14
Publications Royalties	\$5,108.00
Miscellaneous	\$1,057.16
Lowell Bequest Transfer	\$52,702
Total	\$504,912.17

2007 Capital & Operating Expense

Personnel	\$220,542.87
Programs	\$34,572.21
Fundraising	\$32,225.18
Facilities	\$106,702.38
Bookstore	\$9,920.09
General & Administrative	\$49,082.06
Ordinary Capital Expenses	\$14,418.00
Special Capital Expenses	\$52,702.00
Mortgage	\$5,491.00
Total	\$525,655.79

2008

2008 Revenue

Membership	\$72,090.92
Program	\$53,805.16
Fundraising	\$65,072.77
Facilities	\$225,364.57
Bookstore	\$11,465.06
Publications Royalties	\$6,570.01
Miscellaneous	\$170.35
Angell Foundation	\$42,725.00
Total	\$477,263.84

2008 Capital & Operating Expense

Personnel	\$241,664.64
Programs	\$54,367.42
Fundraising	\$4,727.94
Facilities	\$104,696.54
Bookstore	\$8,432.36
General & Administrative	\$33,484.88
Ordinary Capital Expenses	\$16,922.75
Mortgage	\$5,916.99
Total	\$470,213.52