



April 25, 2013

## **Zen Center of Los Angeles Financial Report to the Sangha 2012**

Dear Friends and Sangha Members,

I am writing to provide you with a report on the Center's financial performance for the year 2012.

### **REPORT ON OPERATIONS 2012**

**Revenue:** Our total **operating revenue** in 2012 was \$484,665 against a budget of \$444,500; in other words, we came in with approximately \$40,000 more revenue than we had expected. Of this, \$11,400 came from specified donations from the White Plum and others to support the digital archive project. These had not been budgeted items. And while a grant opportunity that we had hoped for did not arise, we unexpectedly received a \$24,000 donation from the foundation administered by the children of Shirley Diamond-Heart Magidson.

We did better than we had planned in terms of revenue. Within our various revenue categories, there are variances, most of which are not surprising. Between the Annual Fund and the Dharma Training Fund, our fundraising revenue came in \$11,650, or 22%, above our budgeted number. Thank you to our Development Circle and to our many donors! Our programs revenue – in particular revenue from classes, sesshin and zazenkai – was also substantially above budget. What is encouraging is that in almost every major class of categories, we exceeded our budget figures.

**Operating Expenses:** Our total operating expenses for 2012 were \$465,132, against a budget of \$446,724. Our operating expenses exceeded our budget projection by \$18,408.

We ended up being over budget in a few areas – in some places substantially. The major areas where we were over-budget relate to technology and office expenses. A substantial portion of this arose from our use of an outside vendor to help support the IT functions of the office; that contract was not renewed when it expired in November, and we anticipate that this will not be an ongoing issue.

From an operating perspective, with revenue of \$484,665 and expenses of \$465,132, our results reflect an operating surplus of approximately \$19,532, as compared to a budget projection of a deficit of \$2,224. As this reflects, we ended the year \$21,756

ahead of where our budget figure would put us. However, this does not account for capital expenses, which more than fully used up this surplus.

**Capital Expenses:** In addition to our operating expenses, each year we incur certain capital expenses; these are expenses to acquire or upgrade physical assets, such as our buildings and equipment. In 2013, we spent \$63,077 on capital expenses. A substantial portion of this amount involved needed electrical rewiring in the Zendo and Sangha House and installation of the heating and air conditioning units in the Zendo and Dharma Hall. In addition, we spent money replacing gas lines, installing carpet, and on a number of projects to upgrade apartments after long-time residents vacated them and they required upkeep in order to be offered to new residents.

In our 2012 budget, we earmarked only \$25,000 for capital expenses. Accordingly, we ended up being substantially over our capital budget for 2012.

At the March 2013 meeting, the Board authorized spending up to \$30,000 on electrical rewiring projects and IT upgrade projects. The \$30,000 was withdrawn from the Teido Cartee bequest account. At the September 2012 meeting, the Board authorized spending up to an additional \$20,000 from the Teido Cartee bequest to pay for the heat and air conditional installations for the Zendo and Dharma Hall.

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. Interest payments are reported in the operating expense budget, but principal payments are not. The total amount paid in principal in 2013 was \$7,979.

**Conclusion:** Taking all these items into account, the 2012 results are as follows:

Operating Revenue	\$484,665
Operating Expenses	\$-465,132
<b>Subtotal</b>	<b>\$19,532</b>
Capital Expenses	\$-63,077
Mortgage Principal	\$-7,979
<b>Total</b>	<b>\$-51,524</b>

As this indicates, we ended the year with a substantial shortfall. This shortfall resulted not from normal operating expenditures; instead, it came about as a result of substantial investments in our buildings and grounds to improve their safety and to support Zen Center as an attractive and comfortable practice place. The major expenses related to the installation of a new server system in the office, the electrical rewiring of the Sangha House and Zendo, and the installation of heating and cooling

systems in the Zendo and Dharma Hall. All of these were important but one-time projects that the Board determined justified the use of monies from our reserves. Because the Board authorized using up to \$50,000 from our reserves to finance these projects, our “effective” deficit was less than \$2,000. This compares favorably to our budgeted projection of a deficit of \$22,700.

The Center’s financial reserves allowed us to continue operating despite incurring this cash flow deficit. Darla Myoho Fjeld, Mary Rios, Patti Muso Giggans, the Executive Circle and the Finance Committee of the Board work closely with me to prepare our budget each year, and I am very grateful for their efforts; the close alignment of our budget projections with our actual results demonstrates their care and thorough understanding of the Center’s year-over-year operations and requirements.

## **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, 2012.

### **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 2012, we received \$7,398 in donations to the DTF. The balance as of December 31 was \$3,718.

### **B. Lowell and Cartee Bequests**

We are currently maintaining two bequests to the Zen Center – the Lowell Bequest and the Cartee Bequest – as internally restricted accounts. The Lowell Bequest total is \$103,679. The Cartee Bequest total is \$53,174. As discussed above, the amount of the Cartee Bequest is reduced from the beginning of the year, by resolution of the Board, to pay for the electrical rewiring project and the heating and air conditioning installations.

### **C. Sujata Fund**

The Sujata Fund was established by Sensei Nagy to support women’s practice at the Center. The balance as of December 31 was \$6,532.

### **D. Kobori Roshi Transportation Fund**

The Transportation Fund was established by an anonymous donor to support the practice of persons who live some distance from ZCLA. The December 31 balance was \$2,828.

## CONCLUDING REMARKS

ZCLA continues to thrive because of the generosity of many, both past and present. Without the generosity of our donors, we could not function in any form resembling our current one. This is true of all the many ways, both financial and otherwise, that people contribute to keeping ZCLA alive and thriving as a dynamic locus of Zen training in the West. Thank you all for your many ways of giving!

I want to express my thanks to all 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 financial functioning is the result of many hands and eyes, including those people who make up the Board of Directors and its Finance, Development, Endowment and Investment Committees, and the Executive Circle. I am particularly grateful to Mary Rios, our Business Manager, without whom I would be lost in fulfilling this function; Darla Myoho Fjeld, Steward of the Executive Circle, for her careful stewarding of the projects and funds that arise so regularly; and Deb Faith-Mind Thoresen, our new Temple Director, who has supervised the many buildings and grounds projects we have been addressing and who actualizes the spirit of practice Dogen outlines so fully in the Tenzo Kyokun. And thanks to Roshi Egyoku Nakao for her tireless efforts on behalf of us all.

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

Sincerely,

Tom Dharma-Joy Reichert  
Chief Financial Officer  
[dharma-joy@zcla.org](mailto:dharma-joy@zcla.org)

## ZEN CENTER OF LOS ANGELES BOARD OF DIRECTORS

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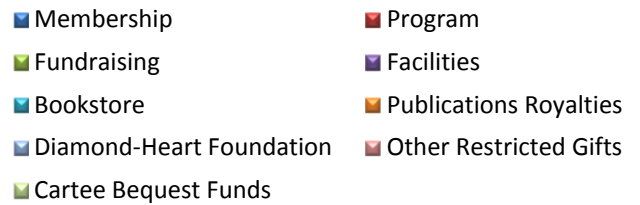
*Deborah Thoresen*

# Summary of Revenue and Expenses 2012

## 2012 Revenue & Restricted Funds Usage

Membership	\$79,406
Program	\$44,954
Fundraising	\$62,650
Facilities	\$242,770
Bookstore	\$11,828
Publications Royalties	\$5,314
Diamond-Heart Foundation	\$24,000
Other Restricted Gifts	\$13,564
Cartee Bequest Funds	\$50,000
<b>Total</b>	<b>\$534,486</b>

## Revenue



## 2012 Capital & Operating Expenses

Personnel	\$220,960
Programs/Archive	\$38,839
Fundraising	\$10,634
Facilities	\$119,432
Bookstore	\$6,281
General & Administrative	\$68,975
Capital Expenses	\$63,077
Mortgage	\$7,979
<b>Total</b>	<b>\$536,177</b>

## Expenses

