



June 3, 2016

Zen Center of Los Angeles Financial Report to the Sangha 2015

Dear Friends and Sangha Members,

I am writing to provide you with a report on Zen Center's financial performance for the year 2015.

SUMMARY

Financial giving to Zen Center of Los Angeles increased in 2015 while expenses were slightly under budget. Careful management of our resources and the generosity of our members and supporters allowed Zen Center to end 2015 with a modest surplus of \$7,473. This is a welcome outcome after successive years of deficit. However, the surplus does not reflect a predictable path to surplus in 2016, making it essential to continue growth in our fundraising revenue.

A recent City of Los Angeles earthquake retrofit statute that requires the strengthening of vulnerable structures brings some financial uncertainty to ZCLA. The Nilotpala and the Pundarika buildings are subject to the requirement. We don't yet know the extent, and therefore the cost, of retrofitting needed, but it is a reminder that the continued generosity of Zen Center supporters and the careful management of Center resources are paramount for an enduring and sustainable future.

REPORT ON OPERATIONS 2015

Revenue: Total **operating revenue** in 2015 was \$505,829 against a budget of \$490,058. Revenue was at 103% of target. As usual, there are particular categories where we were above our projection and some where we were below our projection. Classes and seminars were nearly one-third below budget, and that target has been reduced for 2016. Resident membership was at 95% of budget. We were above our projection in program revenue at 108%, with above-budget amounts for sesshin and zazenkai largely responsible for the surplus. Publication royalties were 9% below forecast, and the bookstore's revenue was at 66% of forecast. The Guest Housing program met its budget forecast.

Annual Fund revenue was 10% over target and the Dharma Training Fund was 28% in

surplus. Key contributions to ZCLA in 2015 were a gift of \$10,000 and a bequest of \$13,407 from Joan JoAn George, a long-time Zen practitioner under Maezumi Roshi and a former resident of ZCLA. Deep gratitude is owed to the Sangha for their continued support and any and all donations. Your generosity in 2015 made all the difference. In return, the Sangha owes many thanks to the determination and thorough-going efforts of our Development Circle.

Operating Expenses: Our total **operating expenses** for 2015 were \$446,781, \$18,000 less than 2014, against a budget of \$454,954. Our expenses were thus at 98% of budget.

There was a typical variation with regard to results for individual categories, with some coming in below budget while others were above budget. Overall, we fell within the range expected across categories.

As a result of this performance, we experienced an operating surplus of \$61,492, while we had a projected surplus of \$35,104, putting the Center \$26,388 ahead of the operating surplus projection. This welcome result came about due to a very concerted effort by our staff to reduce expenses as much as possible and, as noted, the generosity of the Sangha.

On behalf of the Board of Directors I want to extend tremendous thanks to everyone who was part of this process: all who contributed to the Center and to those who work tirelessly to raise funds and to spend them wisely.

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 2015 we incurred \$25,868 in capital expenses for our buildings and grounds, including unbudgeted repairs to the Pine House foundation that cost \$16,887. The bequest of Joan JoAn George proved critical, allowing the Center to pay for most of this unanticipated capital expense with those funds. The balance of costs included investments in low-flow toilets, repairs and improvements to the walk-in cooler in the Sangha House and repairs and improvements in the Nilotpala and Pundarika buildings.

We separate the amount of each payment on our mortgage into principal and interest components and report them separately. Interest payments are reported in the Profit & Loss statement (line 6450), but principal payments are treated as a capital expense. The total amount paid in principal \$28,151.

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

Operating Revenue	\$505,830
Operating Expenses	\$-446,781

Subtotal	\$59,049
Capital Expenses	\$-25,868
Mortgage Principal	\$-28,151
Total	\$5,030
Other income	\$2,444
Adjusted Total	\$7,474

We had projected \$10,000 in capital expenses and \$24,000 in mortgage principal pay down, for a total of \$34,000. In the end, we had \$25,868 in capital expenses and paid down \$28,151 in mortgage principal, for a total of \$54,019. We thus incurred \$20,019 in capital and mortgage principal expenses above our projection. However, with operating expenses significantly below operating revenue, yielding a surplus of \$59,049, and \$2,444 in other income, we finished the year with a modest overall surplus of \$7,474.

Darla Myoho Fjeld, Mary Rios, Patti Muso Giggans and the Finance Committee of the Board worked closely with the Chief Financial Officer to prepare our 2015 budget. This is my first annual report, and I want to express my deep gratitude to Thomas Dharma-Joy Reichert for his work on our budget and the templates for regularly reporting to the board and the Sangha. The oversight of Zen Center's finances is a true example of Shared Stewardship.

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 restricted funds as of December 31, 2015.

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 Zen Center. If the revenue exceeds expense, at the end of the year the difference is transferred to Zen Center's Balance Sheet and carried forward. The balance as of December 31, 2015 was \$6,362.

B. Lowell Bequest

We are currently maintaining one bequest to the Zen Center – the Lowell Bequest, which we received from Dolores Ejun Lowell. The Lowell Bequest total is \$95,644.

C. Sujata Fund

The Sujata Fund was established by Sensei Daniel Nagacitta Buckley to support women's practice at ZCLA. The balance as of December 31, 2015 was \$3,635. Following his death, Sensei Nagy's generosity of spirit and giving continues to enrich our community.

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 balance as of December 31, 2015 was \$5,022.

CONCLUDING REMARKS

It takes many hands and eyes to sustain the Zen Center of Los Angeles as a dynamic practice center and to support our busy program schedule. Carefully stewarding expenses and continuing to grow revenue are essential to improving the long-term financial stability of ZCLA. There are always unexpected expenses associated with managing a set of buildings and 2015 was no exception. 2016 has already brought one unknown in the form of possible seismic safety investments in our two apartment buildings. As we approach Zen Center's 50th anniversary in 2017, the Board of Directors continues to move ahead in developing a Strategic Plan for Zen Center that will keep us on a sustainable financial path for many years to come.

Dana paramita – the practice of generosity – is the first of the ten perfections. ZCLA depends on the generosity of many, in the form of money but in many other forms as well, to survive and thrive. Thank you all for your many ways of giving!

Zen Center's financial functioning is the labor of many, including those people who make up the Board of Directors and its Finance, Strategic Planning, Development, Endowment and Investment Committees and our staff. I am particularly grateful to Mary Rios, our Business Manager, Vice-Abbot (acting-as-if) Deb Faith-Mind Thoresen, Temple Director (acting-as-if) Darla Myoho Fjeld, and our Program Steward, Katherine Senshin Griffith. Deepest thanks to Roshi Egyoku Nakao for her tireless efforts on behalf of us all and on behalf of the Dharma.

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

Sincerely,

Bill Earth-Mirror Corcoran
Chief Financial Officer
bill.corcoran@sierraclub.org

ZEN CENTER OF LOS ANGELES BOARD OF DIRECTORS

Wendy Egyoku Nakao, Abbot

Patti Muso Giggans, President

Betsy Enduring-Vow Brown, Secretary

Bill Earth-Mirror Corcoran, CFO

*Thomas Dharma-Joy Reichert (on
leave)*

Darla Myoho Fjeld

Robert Swan

Tina Jitsujo Gauthier

Deborah Faith-Mind Thoresen

Summary of Revenue and Expenses 2015

2015 Revenue & Restricted Funds Usage

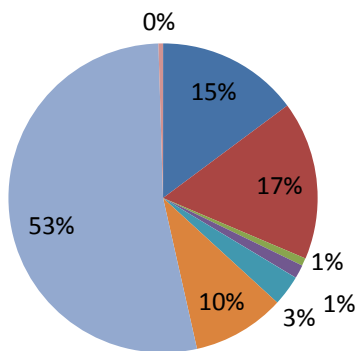
Membership	\$75,291
Program	\$49,136
Fundraising	\$84,248
Facilities	\$269,617
Bookstore	\$7,212
Publications Royalties	\$4,099
Other Restricted Gifts	\$16,227
Other Income	\$2,444
Total	\$508,274

2015 Capital & Operating Expense

Personnel	\$255,583
Programs/ Archive	\$28,462
Fundraising	\$5,044
Facilities	\$104,845
Bookstore	\$3,785
General & Administrative	\$48,941
Capital Expenses	\$25,868
Mortgage	\$28,151
Restricted Funds	\$121
Total	\$500,800

Revenue

- Membership
- Publications Royalties
- Other Restricted Gifts
- Facilities
- Fundraising
- Bookstore
- Program
- Other Income



Expenses

- Personnel
- Fundraising
- Bookstore
- Capital Expenses
- Programs / Archive
- Facilities
- General & Administrative
- Mortgage

