



April 16, 2017

**Zen Center of Los Angeles
Financial Report to the Sangha 2016**

Dear Friends and Sangha Members,

I am pleased to provide you with a report on Zen Center's financial performance for the year 2016.

SUMMARY

The approach of our 50th Anniversary is a good time to reflect on the many strengths of the Zen Center of Los Angeles, including our excellent staff and many hard-working volunteers. Both staff and stewards have provided their time in caring for ZCLA with a beautiful generosity of spirit. It is this spirit of Sangha that embodies the practice we are all doing together here on Normandie Mountain.

As you may know or can imagine, it is always a challenge to manage the budget of a non-profit organization. Zen Center's finances are dependent on training and program fees and donations. We all appreciate the beauty and harmony of our buildings and grounds, which especially require continuous investment to maintain. Keeping Zen Center flourishing and providing a practice gateway for all through our programs and offerings depends on careful managing of our finances and the ongoing dana paramita (the perfection of generosity) of the Sangha.

For 2016, the Board set a budget in which our operating revenue and expenses (think of these as comprising the daily running of the Center) were in balance. The Board also budgeted for capital expenditures (long-term improvements in our facilities) as part of an intentional lowering of our reserves to deal with some pressing needs. Those expenditures appear as a deficit in our final balance since we did not add to our reserves in 2016. Paying for these long-term improvements was made possible through funds raised several years ago by refinancing the Pundarika apartment building. We have made good use of the funds for many capital improvements to the Center, but now the funds have been largely spent down, and the balance is being reserved as a prudent financial measure. Thus, 2017 will be a lean financial year for the Center. The generosity of the Sangha this year will be more important than ever.

The good news is that increased donations from Zen Center supporters and careful

management of our resources allowed the Center to end 2016 at almost exactly our budgeted deficit of \$11,026 despite unexpected expenses for our buildings. With this budget we made important investments detailed below and supported our staff, who are so critical to the day-to-day and long-term operation of the Center. Over the next few years, it's important for the Center to strengthen its finances to ensure we can maintain our property and sustain the functioning of the Center.

2016 brought a new earthquake retrofit law in the City of Los Angeles that mandates the strengthening of apartment buildings built over carports and garages. We must prepare for significant expenditures to comply with the law for both the Nilotpala and the Pundarika buildings. The current estimate for expenses over the seven-year compliance window is about \$125,000, but this is only an estimate. Because this is a significant financial expectation for the Center, the Board has appointed a special committee, which is consulting closely with staff, contractors, city agencies, and financing institutions to address this issue.

Addressing kinds of unexpected items and planned ones described here point to the critical importance of managing for a financially stable Center through the continued generosity of Zen Center supporters, the completion and implementation of an updated strategic plan, and the careful management of Center resources.

REPORT ON REVENUE AND EXPENSES 2016

Operating Revenue: Our total **operating revenue** in 2016 was at 102% of budget. These revenues include our Annual Fund appeal, the Dharma Training Fund, our residential training fees, classes and retreats. Many thanks are due to the Development Circle, who increased revenue while reducing fundraising expenses.

Operating Expenses: Our total **operating expenses** for 2016 finished at 101% of budget. Operating expenses include staff salaries and benefits, utilities, program expenses and other costs related to the day-to-day operation of the Center. Also accounted for in this category are the interest payments on our loan against the Pundarika. 2016 was a busy year in which our dedicated and amazing staff responded to both planned and unplanned expenditure and investments in the Center.

As a result of this performance, we experienced an **operating** surplus of \$47,928—we had a projected operating surplus of \$40,878. Thus, we ended \$7,050 ahead of our operating surplus projection. Significant effort went into this result, and on behalf of the Board of Directors I want to extend tremendous thanks to everyone who was part of this process – in particular, to Business Manager Mary Rios, Program Steward Katherine Senshin Griffith, Guest Steward Tom Yudo Burger, Vice-Abbot Deborah Faith-Mind Thoresen, Temple Director Darla Myoho Fjeld, and our Development Circle.

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 2016 we incurred \$31,832 in capital expenses for our buildings and grounds, including roofing, plumbing, fencing, and investments in residential units. Included in this category are the principal payments for the loan on the Pundarika. Our budget for capital expenses for the year was \$23,500.

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

Operating Revenue	\$497,675
Operating Expenses	\$-449,746
Subtotal	\$47,929
Capital Expenses	\$-31,832
Mortgage Principal	\$-29,437
Total	\$-13,340
Other income	\$2,284
Adjusted Total (Final Balance)	\$-11,056

As mentioned earlier, the Refinancing funds from the Pundarika have been spent down other than a prudent reserve of \$50,000. In 2016 the fund paid for the Sangha House stove hood, the new Zendo altar, a ZCLA website redesign that will soon launch, replacement of the outmoded ZCLA server, and painting of the Buddha Hall and Dharma Hall.

A program of needed capital investments for roofing, paint and other external needs of the Center's buildings is being compiled. It is important to anticipate and develop a funding plan to pay for these investments over the next decade. Our historic houses on the property are in need of roofing, exterior paint, and other items.

Darla Myoho Fjeld, Mary Rios, Patti Muso Giggans 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 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, 2016.

A. Dharma Training Fund

The Dharma Training Fund (DTF) is maintained as a separate, internally-restricted fund.

The DTF is our Spring fundraising campaign—if you haven't yet donated, please consider making a gift. The fund support practitioners and programs at Zen Center, helping to ensure that all can participate regardless of income. The balance as of December 31, 2016 was \$7,252.

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, 2016 was \$3,485.

D. Kobori Roshi Transportation Fund

The Transportation Fund was established by an anonymous donor to support the travel expenses to and from ZCLA of serious Zen practitioners who live some distance from the Center. The balance as of December 31, 2016 was \$6,522.

CONCLUDING REMARKS

Zen Center of Los Angeles provides a place for us to gather and support one another in our joint effort to become fully mature human beings serving all life with wisdom and compassion. Deepest thanks to Roshi Egyoku Nakao for her tireless efforts on behalf of us all and on behalf of the Dharma. Her endless labors and those of her teachers have provided us a great legacy to sustain and to keep evolving.

The Board, staff, our Development Circle and the group of Center practitioners convened as the Collective Awakening and Wisdom group (CAAW-2) are working to develop and implement strategic and fundraising plans. While we have important financial challenges to address, I am confident we will meet them if we remain focused and diligent.

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!

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

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ZEN CENTER OF LOS ANGELES BOARD OF DIRECTORS

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Summary of Revenue and Expenses 2016

2016 Revenue & Restricted Funds Usage

Membership	\$74,548
Program	\$53,186
Fundraising	\$84,899
Facilities	\$260,297
Bookstore	\$7,301
Publications Royalties	\$3,682
Other & Restricted Gifts	\$13,762
Other Income	\$2,359
Total	\$500,034

2016 Capital & Operating Expense

Personnel	\$258,354
Programs	\$31,512
Fundraising	\$4,553
Facilities	\$109,604
Bookstore	\$3,939
General & Administrative	\$41,782
Capital Expenses	\$31,832
Mortgage	\$29,437
Other Expense	\$74
Total	\$511,087

