

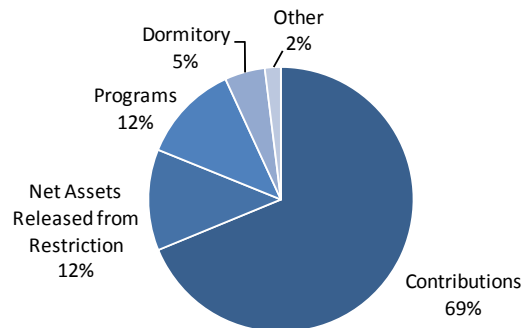
Results of Operations

Sanshin Zen Community (SZC) reported a decrease in net assets of \$1,429 in 2013 as compared to \$42,149 in 2012. The change in net assets is summarized as follows:

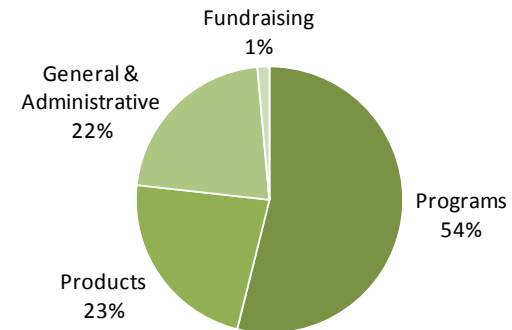
	<u>2013</u>	<u>2012</u>	<u>Incr/(Decr)</u>
Changes in Unrestricted Net Assets			
Unrestricted Revenue and Other Support	\$ 140,029	\$ 121,874	\$ 18,155
Expenses	124,181	123,686	495
Increase (Decrease) in Unrestricted Net Assets	<u>\$ 15,848</u>	<u>\$ (1,812)</u>	<u>\$ 17,660</u>
Changes in Temporarily Restricted Net Assets			
Contributions	\$ -	\$ -	\$ -
Net Assets Released from Restriction	(17,277)	(40,337)	23,060
Increase (Decrease) in Temp. Restr. Net Assets	<u>\$ (17,277)</u>	<u>\$ (40,337)</u>	<u>\$ 23,060</u>
Change in Net Assets	\$ (1,429)	\$ (42,149)	\$ 40,720
Net Assets - Beginning	261,827	303,976	(42,149)
Net Assets - Ending	<u>\$ 260,398</u>	<u>\$ 261,827</u>	<u>\$ (1,429)</u>

For a more detailed understanding of these summarized results, see the following discussion and the notes to the financial statements.

Sources of 2013 Unrestricted Revenue



Distribution of 2013 Expenses



1. Unrestricted Revenue

Unrestricted Revenue increased \$18,155 to \$140,029 in 2013, from \$121,874 in 2012 due to the following:

- a. Contributions and Fundraising increased \$49,146 to \$96,322 in 2013, from \$47,176 in 2012, largely due to the receipt of a \$37,500 grant and increased donations.
- b. Dormitory rental income decreased \$1,073 to \$6,881 in 2013, from \$7,954 in 2012.
- c. Net Assets Released from Restrictions decreased \$23,060 to \$17,277 in 2013 compared to \$40,337 in 2012 due to the release of temporarily restricted funds as SZC expended the assets for the designated purpose:

	<u>2013</u>	<u>2012</u>	<u>Incr/(Decr)</u>
CDs and Books	7,110	9,338	(2,228)
Teacher's Salary	4,167	25,000	(20,833)
Translation	6,000	6,000	-
	<u>17,277</u>	<u>40,338</u>	<u>(23,061)</u>

- d. Investments and miscellaneous revenue increased \$260 to \$326 in 2013, from \$66 in 2012.
- e. Products net of cost of sales increased \$260 to \$2,404 in 2013, from \$2,145 in 2012, primarily due to increased sales of books offset by decreased sales of CDs & DVDs.

- f. Programs decreased \$7,377 to \$16,819 in 2013, from \$24,196 in 2012 mostly due to the cessation of out-of-state events. Revenue by type of program is as follows:

	<u>2013</u>	<u>2012</u>	<u>Incr/(Decr)</u>
Genzo-e	5,805	5,870	(65)
Sesshin	7,230	7,818	(588)
Retreats & Workshops	3,784	2,803	981
Out of State	-	7,705	(7,705)
	<u>16,819</u>	<u>24,196</u>	<u>(7,377)</u>

2. Expenses

Operating Expenses increased \$489 to \$124,174 in 2013, from \$123,685 in 2012.

	<u>2013</u>	<u>2012</u>	<u>Incr/(Decr)</u>
Salaries & Related Expenses	\$ 72,056	\$ 74,589	\$ (2,533)
Professional Services	7,774	9,488	(1,714)
General Expenses	11,870	10,632	1,239
Facility & Equipment	25,288	24,170	1,118
Other	7,186	4,807	2,379
	<u>\$ 124,174</u>	<u>\$ 123,685</u>	<u>\$ 489</u>

The decrease in Salaries & Related Expenses is due to decreases in wages paid to administrative staff and a decrease in benefits.

Professional Services decreased largely in audio archiving and editing fees.

General Expenses increased mostly in food service due to the 10th Anniversary celebration in 2013.

Facilities expenses increased primarily due to increased rent for the dormitory.

Other expenses increased primarily in marketing expenses related to fundraising and the Anniversary celebration.

3. Temporarily Restricted Net Assets

No new contributions of temporarily restricted funds were made in 2013 or 2012.

Release to Unrestricted Contra increased \$23,061 to (\$17,277) in 2013, from (\$40,338) in 2012 as SZC expended the assets for their designated purposes. This is offset in Release from Restriction in Unrestricted Revenue.

	<u>2013</u>	<u>2012</u>	<u>Incr/(Decr)</u>
CDs and Books	(7,110)	(9,338)	2,228
Teacher's Salary	(4,167)	(25,000)	20,833
Translation	(6,000)	(6,000)	-
	(17,277)	(40,338)	23,061

Statements of Financial Position (Unaudited)

	At December 31,	
	2013	2012
Assets		
Current Assets		
Cash	\$ 128,109	\$ 126,351
Other Current Assets	800	-
Total Current Assets	128,909	126,351
Land, Buildings, and Equipment		
Land and Improvements	54,534	54,534
Buildings	187,875	187,875
	242,409	242,409
Less: Accumulated Depreciation	70,084	62,707
Total Land, Buildings, and Equipment	172,325	179,702
Total Assets	\$ 301,234	\$ 306,053
Liabilities and Net Assets		
Long-Term Liabilities - Mortgage	\$ 40,836	\$ 44,226
Net Assets		
Unrestricted - Property & Equipment	126,725	134,102
Unrestricted - Undesignated	120,070	96,845
Temporarily Restricted	13,603	30,880
Total Net Assets	260,398	261,827
Total Liabilities and Net Assets	\$ 301,234	\$ 306,053

Statements of Activities (Unaudited)

	Fiscal Year Ended December 31,	
	2013	2012
Changes in Unrestricted Net Assets		
Revenue and Other Support:		
Contributions and Fundraising	\$ 96,322	\$ 47,176
Programs	16,819	24,196
Products, net of cost of sales	2,404	2,145
Dormitory & Lodging	6,881	7,954
Investments & Miscellaneous	326	66
Net Assets Released from Restriction	17,277	40,337
Total Revenue and Other Support	140,029	121,874
Expenses		
Programs	66,916	69,703
Products	28,395	33,004
General & Administrative	27,064	19,733
Fundraising	1,806	1,245
Total Expenses	124,181	123,685
Increase (Decrease) in Total Unrestricted Net Assets	15,848	(1,811)
Changes in Temporarily Restricted Net Assets:		
Contributions	-	-
Net Assets Released from Restriction	(17,277)	(40,337)
Increase in Temporarily Restricted Net Assets	(17,277)	(40,337)
Increase in Net Assets	(1,429)	(42,148)
Net Assets - Beginning	261,827	303,975
Net Assets - Ending	<u>\$ 260,398</u>	<u>\$ 261,827</u>

Statements of Functional Expenses (Unaudited)

Expenses	Program Services	Products	Supporting Services		Fiscal Year Ended December 31,	
			General & Admin.	Fund Raising	2013	2012
Salaries & Related Expenses						
Salaries & Wages	\$ 28,805	\$ 14,403	\$ 4,802	\$ -	\$ 48,010	\$ 49,176
Employee Benefits	12,271	6,136	2,045	-	20,451	21,650
Payroll Taxes	2,157	1,079	359	-	3,595	3,762
Total Salaries & Related Expenses	43,234	21,617	7,205	-	72,056	74,589
Professional Services						
Accounting	-	-	5,032	-	5,032	3,421
Audio Archiving & Editing	-	2,039	-	-	2,039	5,822
Other	500	-	203	-	703	245
Total Professional Services	500	2,039	5,235	-	7,774	9,488
General						
Food & Beverages	863	-	4,353	127	5,342	4,018
Supplies	375	-	1,787	-	2,162	2,121
Telecommunication	-	-	2,133	-	2,133	2,363
Postage & Shipping	-	-	1,515	303	1,818	1,361
Printing & Copying	-	-	(36)	450	415	769
Total General Expenses	1,238	-	9,753	880	11,870	10,632
Facility & Equipment						
Dormitory	11,458	-	762	-	12,219	10,618
Mortgage Interest	846	423	141	-	1,410	1,516
Utilities	1,703	851	284	-	2,838	2,998
Depreciation	4,426	2,213	738	-	7,377	7,817
Maintenance & Repairs	866	433	144	-	1,443	1,221
Total Facility & Equipment	19,299	3,920	2,069	-	25,288	24,170
Other expenses						
Travel & Meetings	1,007	-	1,476	-	2,484	1,909
Insurance-business	1,639	819	273	-	2,731	2,438
Other expenses	-	-	1,052	926	1,978	460
Total other expenses	2,646	819	2,801	926	7,193	4,807
Total Expenses	\$ 66,916	\$ 28,395	\$ 27,064	\$ 1,806	\$ 124,181	\$ 123,685

Statements of Cash Flows (Unaudited)

	Fiscal Year Ended December 31,	
	2013	2012
Cash Flows from Operating Activities		
Cash Received from		
Contributions & Fundraising	\$ 96,322	\$ 47,176
Programs & Products	26,104	34,295
Investment & Miscellaneous	326	66
Cash Paid to		
Employees, including benefits	(72,056)	(74,589)
Suppliers	(45,548)	(41,279)
Net Cash Provided by Operating Activities	5,148	(34,331)
 Cash Flows from Financing Activities		
Principal Payments on Mortgage	(3,390)	(3,285)
 Net Increase (Decrease) in Cash	 1,758	 (37,616)
 Cash - Beginning of Period	 126,351	 163,967
Cash - End of Period	<u>\$ 128,109</u>	<u>\$ 126,351</u>

Notes to Financial Statements

1. Nature of Operation

SZC is a nonprofit organization under Section 501(c)(3) and is exempt from filing Form 990 Return of Organization Exempt from Income Tax.

2. Net Asset Classes

Net assets and revenues are classified based on donor-imposed restrictions. Accordingly, net assets of SZC and changes therein are classified and reported as follows:

Unrestricted – Resources over which the Board of Directors has discretionary control. Designated amounts represent those amounts which the Board has set aside for particular purposes.

Temporarily Restricted – Those resources subject to donor-imposed restrictions which will be satisfied by actions of SZC or passage of time.

Permanently Restricted – Those resources subject to a donor-imposed restriction that they be maintained permanently by the organization. SZC does not have permanently restricted net assets.

3. Cash and Cash Equivalents

Included in cash and cash equivalents on the Statements of Financial Position are money market funds of \$94,858 and \$102,314 at December 31, 2013 and 2012, respectively.

4. Long-Term Liabilities

SZC's long-term liabilities consist of a term loan signed in December 2006, replacing a real estate mortgage on the temple

grounds and structures. The interest rate on the term loan changes every thirty-six months if the index rate changes; the index rate is the Wall Street Journal Prime Rate. As of December 31, 2012, the interest rate is 3.25%. The final payment on the term loan will be due in December 2023.

5. Allocation of Expenses

Expenses are recorded in functional categories when incurred. In certain cases, allocation of expenses between categories must be made. Salaries and related expenses, business insurance, and general facilities expenses are allocated based on the Abbot's estimate of time spent:

60% Programs

30% Products

10% Administrative

