

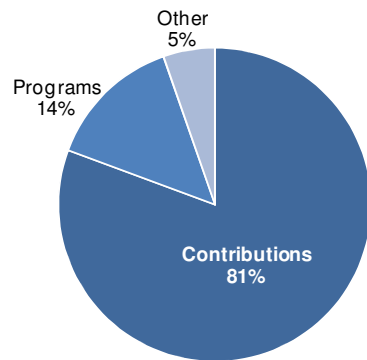
**Results of Operations**

Sanshin Zen Community (SZC) reported an increase in net assets of \$5,250 in 2014 as compared to a net decrease of \$1,429 in 2013. The change in net assets is summarized as follows:

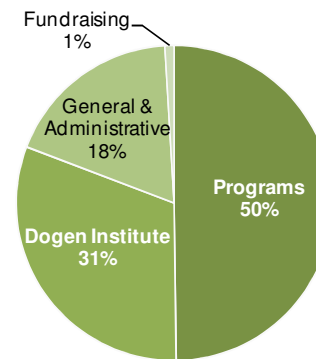
	<u>2014</u>	<u>2013</u>	<u>Incr/(Decr)</u>
Changes in Unrestricted Net Assets			
Unrestricted Revenue and Other Support	<b>\$ 137,740</b>	\$ 140,029	\$ (2,289)
Expenses	<b>132,490</b>	124,181	8,309
Increase (Decrease) in Unrestricted Net Assets	<b><u>\$ 5,250</u></b>	<u>\$ 15,848</u>	<u>\$ (10,598)</u>
Changes in Temporarily Restricted Net Assets			
Contributions	\$ -	\$ -	\$ -
Net Assets Released from Restriction	-	(17,277)	17,277
Increase (Decrease) in Temp. Restr. Net Assets	<b><u>\$ -</u></b>	<u>\$ (17,277)</u>	<u>\$ 17,277</u>
Change in Net Assets	<b>\$ 5,250</b>	\$ (1,429)	\$ 6,679
Net Assets - Beginning	<b>260,398</b>	261,827	(1,429)
Net Assets - Ending	<b><u>\$ 265,648</u></b>	<u>\$ 260,398</u>	<u>\$ 5,250</u>

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

**Sources of 2014 Unrestricted Revenue**



**Distribution of 2014 Expenses**



**1. Unrestricted Revenue**

Unrestricted Revenue decreased \$2,289 to \$137,740 in 2014, from \$140,029 in 2013 due to the following:

- a. Contributions and Fundraising increased \$14,169 to \$110,491 in 2014, from \$96,322 in 2013, largely due to the receipt of a grant and increased donations.
- b. Dormitory rental income increased \$4,837 to \$11,718 in 2014, from \$6,881 in 2013.
- c. Investments and miscellaneous revenue increased \$406 to \$732 in 2014, from \$326 in 2013.
- d. Product revenues net of cost of sales decreased \$6,805 to net costs of \$4,401 in 2014, from net revenues of \$2,404 in 2013, primarily due to up-front expenditures for the self-produced book *Dogen Zenji's Waka*.

	2014	2013	Incr/(Decr)
Revenues			
Books	3,536	4,037	(501)
CDs & DVDs	2,258	3,351	(1,093)
Total Revenues	5,794	7,388	(1,594)
Cost of Sales			
Books	9,792	3,157	6,635
CDs & DVDs	403	1,827	(1,424)
Total Cost of Sales	10,195	4,984	5,211
Net Revenues (Cost of Sales)	<u>(4,401)</u>	<u>2,404</u>	<u>(6,805)</u>

- e. Programs increased \$2,381 to \$19,200 in 2014, from \$16,819 in 2013 mostly due to Genzo-e attendance. Revenue by type of program is as follows:

	2014	2013	Incr/(Decr)
Genzo-e	9,233	5,805	3,428
Sesshin	8,032	7,230	802
Retreats & Workshops	1,935	3,784	(1,849)
	<u>19,200</u>	<u>16,819</u>	<u>2,381</u>

- f. Net Assets Released from Restrictions decreased \$17,277 to \$0 in 2014 as all temporarily restricted funds were expended in the prior year.

**2. Expenses**

Operating Expenses increased \$8,309 to \$132,490 in 2014, from \$124,181 in 2013.

	2014	2013	Incr/(Decr)
Salaries & Related Expenses	\$ 79,186	\$ 72,056	\$ 7,130
Professional Services	8,173	7,774	399
General Expenses	10,907	11,870	(963)
Facility & Equipment	27,366	25,288	2,078
Other	6,858	7,193	(335)
	<u>\$ 132,490</u>	<u>\$ 124,181</u>	<u>\$ 8,309</u>

The increase in Salaries & Related Expenses is primarily due to increased wages.

Professional Services increased largely in audio archiving and editing fees.

General Expenses decreased mostly in food service due to the 10<sup>th</sup> Anniversary celebration in 2013.

Facilities expenses increased primarily due to increased maintenance and repair expenses.

Other expenses decreased primarily in marketing expenses.

**3. Temporarily Restricted Net Assets**

No new contributions of temporarily restricted funds were made in 2014 or 2013.

Release to Unrestricted Contra increased \$17,277 to \$0 in 2014 as all temporarily restricted funds were expended in the prior year (see also Release from Restriction in Unrestricted Revenue).

Statements of Financial Position (Unaudited)

	At December 31,	
	2014	2013
<b>Assets</b>		
Current Assets		
Cash	\$ 135,307	\$ 128,109
Other Current Assets	800	800
Total Current Assets	<u>136,107</u>	<u>128,909</u>
Land, Buildings, and Equipment		
Land and Improvements	54,534	54,534
Buildings	187,875	187,875
Equipment	2,308	-
	<u>244,717</u>	<u>242,409</u>
Less: Accumulated Depreciation	77,846	70,084
Total Land, Buildings, and Equipment	<u>166,871</u>	<u>172,325</u>
<b>Total Assets</b>	<b><u>\$ 302,978</u></b>	<b><u>\$ 301,234</u></b>
<b>Liabilities and Net Assets</b>		
Long-Term Liabilities - Mortgage	\$ 37,330	\$ 40,836
Net Assets		
Unrestricted - Property & Equipment	129,541	126,725
Unrestricted - Undesignated	122,504	120,070
Temporarily Restricted	13,603	13,603
Total Net Assets	<u>265,648</u>	<u>260,398</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 302,978</u></b>	<b><u>\$ 301,234</u></b>

Statements of Activities (Unaudited)

	Fiscal Year Ended December 31,	
	2014	2013
<b>Changes in Unrestricted Net Assets</b>		
<b>Revenue and Other Support:</b>		
Contributions and Fundraising	\$ 110,491	\$ 96,322
Programs	19,200	16,819
Products, net of cost of sales	(4,401)	2,404
Dormitory & Lodging	11,718	6,881
Investments & Miscellaneous	732	326
Net Assets Released from Restriction	-	17,277
<b>Total Revenue and Other Support</b>	<b>137,740</b>	<b>140,029</b>
<b>Expenses</b>		
Programs	65,961	66,916
Dogen Institute	41,096	28,395
General & Administrative	24,203	27,064
Fundraising	1,230	1,806
<b>Total Expenses</b>	<b>132,490</b>	<b>124,181</b>
<b>Increase (Decrease) in Total Unrestricted Net Assets</b>	<b>5,250</b>	<b>15,848</b>
<b>Changes in Temporarily Restricted Net Assets:</b>		
Contributions	-	-
Net Assets Released from Restriction	-	(17,277)
<b>Increase in Temporarily Restricted Net Assets</b>	<b>-</b>	<b>(17,277)</b>
<b>Increase in Net Assets</b>	<b>5,250</b>	<b>(1,429)</b>
Net Assets - Beginning	260,398	261,827
Net Assets - Ending	<b>\$ 265,648</b>	<b>\$ 260,398</b>

Statements of Functional Expenses (Unaudited)

Expenses	Program Services	Dogen Institute	Supporting Services		Fiscal Year Ended December 31,	
			General & Admin.	Fund Raising	2014	2013
<b>Salaries &amp; Related Expenses</b>						
Salaries & Wages	\$ 27,730	\$ 20,417	\$ 5,352	\$ -	\$ 53,499	\$ 46,988
Employee Benefits	11,069	8,367	2,158	-	21,594	21,473
Payroll Taxes	2,119	1,561	413	-	4,093	3,595
<b>Total Salaries &amp; Related Expenses</b>	<b>40,918</b>	<b>30,345</b>	<b>7,923</b>	<b>-</b>	<b>79,186</b>	<b>72,056</b>
<b>Professional Services</b>						
Accounting	-	-	5,029	-	5,029	5,032
Audio Archiving & Editing	-	2,920	-	-	2,920	2,039
Other	-	-	224	-	224	703
<b>Total Professional Services</b>	<b>-</b>	<b>2,920</b>	<b>5,253</b>	<b>-</b>	<b>8,173</b>	<b>7,774</b>
<b>General</b>						
Food & Beverages	2,195	600	789	112	3,696	5,342
Supplies	284	418	1,143	-	1,845	2,162
Telecommunication	-	30	2,592	-	2,622	2,133
Postage & Shipping	-	-	1,575	381	1,956	1,818
Printing & Copying	-	-	51	737	788	415
<b>Total General Expenses</b>	<b>2,479</b>	<b>1,048</b>	<b>6,150</b>	<b>1,230</b>	<b>10,907</b>	<b>11,870</b>
<b>Facility &amp; Equipment</b>						
Dormitory	11,764	-	-	-	11,764	11,327
Mortgage Interest	658	507	128	-	1,293	1,410
Utilities	2,121	1,638	396	-	4,155	3,731
Depreciation	4,337	2,647	778	-	7,762	7,377
Maintenance & Repairs	1,211	942	239	-	2,392	1,443
<b>Total Facility &amp; Equipment</b>	<b>20,091</b>	<b>5,734</b>	<b>1,541</b>	<b>-</b>	<b>27,366</b>	<b>25,288</b>
<b>Other expenses</b>						
Travel & Meetings	856	165	2,199	-	3,220	2,484
Insurance-business	1,615	800	269	-	2,684	2,731
Other expenses	2	84	868	-	954	1,978
<b>Total other expenses</b>	<b>2,473</b>	<b>1,049</b>	<b>3,336</b>	<b>-</b>	<b>6,858</b>	<b>7,193</b>
<b>Total Expenses</b>	<b>\$ 65,961</b>	<b>\$ 41,096</b>	<b>\$ 24,203</b>	<b>\$ 1,230</b>	<b>\$ 132,490</b>	<b>\$ 124,181</b>

**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 \$84,246 and \$94,858 at December 31, 2014 and 2013, 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 next reset date is December 31, 2015. 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:

50% Programs

40% Dogen Institute

10% Administrative