

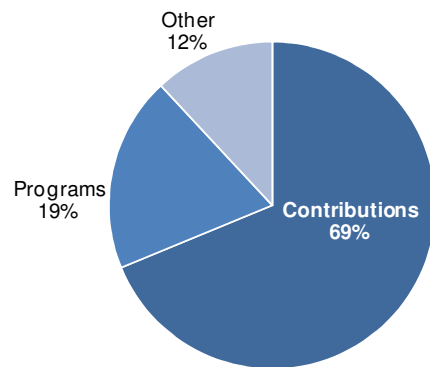
**Results of Operations**

Sanshin Zen Community (SZC) reported an increase in net assets of \$24,315 in 2015 as compared to a net increase of \$5,250 in 2014. The change in net assets is summarized as follows:

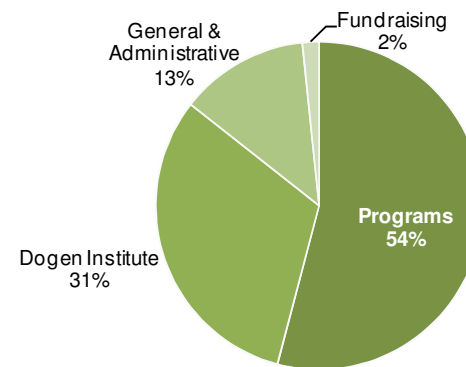
	<u>2015</u>	<u>2014</u>	<u>Incr/(Decr)</u>
Changes in Unrestricted Net Assets			
Unrestricted Revenue and Other Support	<b>\$ 132,470</b>	\$ 137,740	\$ (5,270)
Expenses	<b>112,655</b>	132,490	(19,835)
Increase (Decrease) in Unrestricted Net Assets	<b><u>\$ 19,815</u></b>	<u>\$ 5,250</u>	<u>\$ 14,565</u>
Changes in Temporarily Restricted Net Assets			
Contributions	<b>\$ 4,500</b>	\$ -	\$ 4,500
Net Assets Released from Restriction	-	-	-
Increase (Decrease) in Temp. Restr. Net Assets	<b><u>\$ 4,500</u></b>	<u>\$ -</u>	<u>\$ 4,500</u>
Change in Net Assets	<b>\$ 24,315</b>	\$ 5,250	\$ 19,065
Net Assets - Beginning	<b>265,648</b>	260,398	5,250
Net Assets - Ending	<b><u>\$ 289,963</u></b>	<u>\$ 265,648</u>	<u>\$ 24,315</u>

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

**Sources of 2015 Unrestricted Revenue**



**Distribution of 2015 Expenses**



**1. Unrestricted Revenue**

Unrestricted Revenue decreased \$5,270 to \$132,470 in 2015, from \$137,740 in 2014 due to the following:

- a. Contributions and Fundraising decreased \$11,556 to \$91,015 in 2015, from \$102,571 in 2014.
- b. Dormitory rental income decreased \$1,143 to \$10,575 in 2015, from \$11,718 in 2014.
- c. Investments and miscellaneous revenue decreased \$566 to \$166 in 2015, from \$732 in 2014.
- d. Product revenues net of cost of sales increased \$9,641 to net revenues of \$5,240 in 2015, from net costs of \$4,401 in 2014, primarily due to sales in the current year and up-front expenditures in the prior year for the self-produced book *Dogen Zenji's Waka*.

	<u>2015</u>	<u>2014</u>	<u>Incr/(Decr)</u>
Revenues			
Books	<b>10,722</b>	3,536	7,186
CDs & DVDs	<b>1,900</b>	2,258	(358)
Total Revenues	<b>12,622</b>	5,794	6,828
Cost of Sales			
Books	<b>7,382</b>	9,792	(2,410)
CDs & DVDs	-	403	(403)
Total Cost of Sales	<b>7,382</b>	10,195	(2,813)
Net Revenues (Cost of Sales)	<b>5,240</b>	(4,401)	9,641

- e. Programs decreased \$1,646 to \$25,474 in 2015, from \$27,120 in 2014 mostly due to a decrease in off-site events. Revenue by type of program is as follows:

	<u>2015</u>	<u>2014</u>	<u>Incr/(Decr)</u>
Genzo-e	<b>10,117</b>	9,233	884
Sesshin	<b>8,457</b>	8,032	425
Retreats & Workshops	<b>6,900</b>	9,855	(2,955)
	<b>25,474</b>	27,120	(1,646)

**2. Expenses**

Operating Expenses decreased \$19,835 to \$112,655 in 2015, from \$132,490 in 2014.

	<u>2015</u>	<u>2014</u>	<u>Incr/(Decr)</u>
Salaries & Related Expenses	<b>\$ 63,952</b>	\$ 79,186	\$ (15,234)
Professional Services	<b>1,974</b>	8,173	(6,199)
General Expenses	<b>12,974</b>	10,907	2,067
Facility & Equipment	<b>26,845</b>	27,366	(521)
Other	<b>6,910</b>	6,858	52
	<b>\$ 112,655</b>	\$ 132,490	\$ (19,835)

The decrease in Salaries & Related Expenses is primarily due to health insurance costs.

Professional Services decreased largely in audio archiving and editing fees.

General Expenses increased mostly in food service.

Facilities expenses decreased primarily in utilities and maintenance expenses.

Other expenses were comparable to prior year.

**3. Temporarily Restricted Net Assets**

Contributions of Temporarily Restricted Net Assets increased to \$4,500 in 2015 from \$0 in 2014 in the following categories:

	<u>2015</u>	<u>2014</u>	<u>Incr/(Decr)</u>
Abbot Succession	<b>4,000</b>	-	4,000
Building & Grounds	<b>500</b>	-	500
	<b>4,500</b>	-	4,500

Statements of Financial Position (Unaudited)

	At December 31,	
	2015	2014
<b>Assets</b>		
Current Assets		
Cash	\$ 158,254	\$ 135,307
Other Current Assets	825	800
Total Current Assets	<u>159,079</u>	<u>136,107</u>
Fixed Assets		
Land, Buildings, and Equipment	250,375	244,716
Accumulated Depreciation	(85,786)	(77,846)
Total Fixed Assets	<u>164,589</u>	<u>166,871</u>
<b>Total Assets</b>	<b><u>\$ 323,668</u></b>	<b><u>\$ 302,978</u></b>
<b>Liabilities and Net Assets</b>		
Long-Term Liabilities - Mortgage	\$ 33,705	\$ 37,330
Net Assets		
Unrestricted - Property & Equipment	130,883	129,541
Unrestricted - Undesignated	140,976	122,504
Temporarily Restricted	18,103	13,603
Total Net Assets	<u>289,963</u>	<u>265,648</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 323,668</u></b>	<b><u>\$ 302,978</u></b>

Statements of Activities (Unaudited)

	Fiscal Year Ended December 31,	
	2015	2014
<b>Changes in Unrestricted Net Assets</b>		
<b>Revenue and Other Support:</b>		
Contributions and Fundraising	\$ 91,015	\$ 102,571
Programs	25,474	27,120
Products, net of cost of sales	5,240	(4,401)
Dormitory & Lodging	10,575	11,718
Investments & Miscellaneous	166	732
Net Assets Released from Restriction	-	-
<b>Total Revenue and Other Support</b>	<b>132,470</b>	<b>137,740</b>
<b>Expenses</b>		
Programs	60,962	65,964
Dogen Institute	35,464	41,091
General & Administrative	14,392	24,205
Fundraising	1,837	1,230
<b>Total Expenses</b>	<b>112,655</b>	<b>132,490</b>
<b>Increase (Decrease) in Total Unrestricted Net Assets</b>	<b>19,815</b>	<b>5,250</b>
<b>Changes in Temporarily Restricted Net Asssets:</b>		
Contributions	4,500	-
Net Assets Released from Restriction	-	-
<b>Increase in Temporarily Restricted Net Assets</b>	<b>4,500</b>	<b>-</b>
<b>Increase in Net Assets</b>	<b>24,315</b>	<b>5,250</b>
Net Assets - Beginning	265,648	260,398
Net Assets - Ending	<b>\$ 289,963</b>	<b>\$ 265,648</b>

Statements of Functional Expenses (Unaudited)

Expenses	Program Services	Dogen Institute	Supporting Services		Fiscal Year Ended December 31,	
			General & Admin.	Fund Raising	2015	2014
<b>Salaries &amp; Related Expenses</b>						
Salaries & Wages	\$ 25,167	\$ 20,133	\$ 5,035	\$ -	\$ 50,335	\$ 53,499
Employee Benefits	4,770	3,816	953	-	9,539	21,594
Payroll Taxes	1,984	1,587	507	-	4,078	4,093
<b>Total Salaries &amp; Related Expenses</b>	<b>31,921</b>	<b>25,536</b>	<b>6,495</b>	<b>-</b>	<b>63,952</b>	<b>79,186</b>
<b>Professional Services</b>						
Accounting	641	513	125	-	1,279	5,029
Audio Archiving & Editing	-	143	48	-	191	2,920
Other	400	-	104	-	504	224
<b>Total Professional Services</b>	<b>1,041</b>	<b>656</b>	<b>277</b>	<b>-</b>	<b>1,974</b>	<b>8,173</b>
<b>General</b>						
Food & Beverages	5,643	15	4	94	5,756	3,696
Supplies	1,482	513	453	6	2,454	1,845
Telecommunication	930	882	76	-	1,888	2,621
Postage & Shipping	-	234	731	1,087	2,052	1,956
Printing & Copying	-	111	62	651	824	788
<b>Total General Expenses</b>	<b>8,055</b>	<b>1,755</b>	<b>1,326</b>	<b>1,838</b>	<b>12,974</b>	<b>10,907</b>
<b>Facility &amp; Equipment</b>						
Dormitory	10,685	-	825	-	11,510	11,764
Mortgage Interest	588	470	118	-	1,176	1,293
Utilities	1,904	1,523	166	-	3,593	4,155
Depreciation	3,970	3,176	796	-	7,942	7,762
Maintenance & Repairs	1,290	1,033	301	-	2,624	2,392
<b>Total Facility &amp; Equipment</b>	<b>18,437</b>	<b>6,202</b>	<b>2,206</b>	<b>-</b>	<b>26,845</b>	<b>27,366</b>
<b>Other expenses</b>						
Travel & Meetings	-	-	2,078	-	2,078	3,220
Insurance-business	1,432	1,146	286	-	2,864	2,685
Other expenses	75	169	1,724	-	1,968	953
<b>Total other expenses</b>	<b>1,507</b>	<b>1,315</b>	<b>4,088</b>	<b>-</b>	<b>6,910</b>	<b>6,858</b>
<b>Total Expenses</b>	<b>\$ 60,961</b>	<b>\$ 35,464</b>	<b>\$ 14,392</b>	<b>\$ 1,838</b>	<b>\$ 112,655</b>	<b>\$ 132,490</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. Reclassifications

Certain reclassifications have been made to the prior period statement of activities and the prior period statement of functional expenses to conform to the current period presentation.

## 3. 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.

## 4. Cash and Cash Equivalents

Included in cash and cash equivalents on the Statements of Financial Position are money market funds of \$72,723 and \$84,246 at December 31, 2015 and 2014, respectively.

## 5. 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, 2015, the interest rate is

3.25%; the next reset date is December 31, 2018. The final payment on the term loan will be due in December 2023.

## 6. 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