

2012 Year End Financial Report

From Karen Johnson, Finance Director

NEW YORK SHAMBHALA CENTER Profit & Loss January - December 2012

	Total
Income	
Net Program Income	263,695.50
Dues	183,991.30
Donations	102,303.56
Rental Income	20,883.00
Net Community Income	5,363.54
Net Bookstore Income	10,526.32
Total Income	\$ 586,763.22
 Gross Profit	 \$ 586,763.22
 Operating Expenses	
Rent (Base Rent / Security)	216,829.72
General Center Expenses	28,897.80
Insurances	6,861.68
Personnel (Salary / Taxes / Benefits)	265,176.36
Donations to Shambhala International	10,991.49
Bank / Credit Card Processing Fees	16,228.08
Office Expenses	7,294.40
Promotional Expenses	7,969.58
Other Expenses	11,504.74
Total Operating Expenses	\$ 571,753.85
 Net Income	 \$ 15,009.37

Overview: 2012, although challenging from a cash flow perspective, ended with great success. Amidst a year of increased costs, we not only covered all expenses but also replenished our savings by \$20,000. Extraordinary fundraising efforts by our Executive Director and development team raised over \$100,000, and our Director for the Office of Practice and Education worked tirelessly to design a program calendar that brought an unprecedented number of newcomers to our Way of Shambhala core curriculum. Please continue to read below to learn all that was accomplished!

Description of Line Items:

Net Program Income: Net Program Income is all revenue received from programs after direct program expenses are paid. Direct program expenses include modest honoraria for teachers and assistant directors, food, materials, and in some cases the cost of travel for teachers that do not live locally. Once these expenses are covered, the remainder of program fees from participants go toward smaller indirect costs (flowers, maintenance of AV equipment, etc.) and operating expenses. Net program income covers approximately 45% of the Center's indirect and operating expenses. 2012 net program revenue increases by 22% over that of 2011.

Membership Dues: Monthly membership dues are vital to Center operations. Our annual goal is to maintain enough monthly membership income to cover rent. In 2012, we fell short of this goal due to a 10% increase in rental expenses. Looking ahead to 2013, we will require a 6–8% increase in membership dues to come closer to meeting our annual goal.

Donations: The Center relies on donations to cover the operating expenses that all other income does not, and to continue to build a strong cash reserve. A healthy cash reserve is not only critical for future growth, but essential during the summer when monthly program and dues revenue do not cover operating expenses. 2012 was a stellar year for donations - surpassing 2011 (which also saw an unprecedented increase) by 28%. In fact, we raised much more than any other year in the last decade. A heartfelt thank you to the development team, headed by the Executive Director, and to all who contributed throughout the year.

Rental, Community and Bookstore Income: Although much smaller pieces of the revenue pie, income from renting our space to NYC's other mindfulness organizations, offerings from community events and practice groups, and income from the bookstore (minus the cost of purchasing inventory) help to fill the funding gap.

Base Rent / Security: In September, 2011, with the help of a small and very dedicated group of sangha members, the Center negotiated a new 3 year lease, bringing base rent for 2012 to just over \$17,500. In addition to base rent, the Center annually must cover a real estate escalation fee that is imposed in July. The Center is also required to pay for a professional security guard / fire marshal to be present during non-business hours when the center receives more than 100 people into our space - such as during our Tuesday Dharma Gatherings and larger community events. Rent comprises approximately 40% of the Center's operating budget.

General Center Expenses: These are a multitude of smaller expenses that are essential to center operations and environment, which include upgrades to decor, maintenance and repairs, flowers, upkeep of our audio visual equipment, supplies for the kitchen and bathrooms, telephones, utilities, the cost of community and council meetings, etc. In 2012, we purchased and installed a new carpet for the Community Room, painted the entire space, removed excess clutter and made several needed repairs.

Insurances: These expenses are required by law for general liability, disability and workers compensation. General liability is paid to Shambhala International - who holds a discounted policy for urban and land centers.

Personnel: This includes salaries, payroll service processing fees and taxes, as well as modest health insurance coverage for full time employees. Each year, the Finance Director evaluates and compares health insurance plans to ensure that costs and coverage are in line with what the Center's budget can manage. In 2012 payroll covered salaries for the Executive Director, Director for the Office of Practice and Education, Registrar, Environment Manager, Finance Director and some interim part-time administrative and program support. In addition, a newly created position - Development Assistant - was added to the short list of dedicated center staff. This year, personnel expenses comprised 46% of the Center's operating budget.

Donations to Shambhala International: The Center makes monthly contributions to Shambhala International, whose executives and staff provide many valuable resources and services to local centers. These services include consultation when needed on a variety of governance and practice and education concerns, upkeep and improvements to the Shambhala database and network, maintaining consolidated financial records for tax purposes as well as holding the umbrella non-profit tax exempt status for most local centers. Each year the New York Center increases its contribution to Shambhala International to the extent that financial resources permit.

Bank and Credit Card Processing Fees: These fees are necessary as a result of having a bank account and accepting credit card payment for programs, dues and donations. In late 2011, the center moved all of its membership dues processing from a manual in-house system to an intermediary processing service that has the highest rating for information security. This service is used by several other Shambhala centers, and came highly recommended. As with employee health insurance, The center conducts a bi-annual review of merchant service providers to ensure that the fees we pay are competitive and within budgetary constraints.

Office Expenses: This category includes the purchase of standard office and computer supplies, required maintenance and upgrade of office and computer equipment, internet service, postage and shipping. Center staff do an amazing job of keeping these expenses to a minimum. Large expenses are always approved by the Finance Director and the Executive Director before purchase. In 2012, the Center implemented a donor management system that is managed by our new Development Assistant, enabling us to automate donation tax letters to all donors and members, in addition to better facilitating more efficient and effective fundraising initiatives.

Promotional Expenses: These are the costs associated with maintaining and upgrading the website, publicity for programs, and fundraising. Publicity is a delicate balance of strategic spending to obtain the greatest result (reaching out to as many people in NYC as possible) for the least cost. Fundraising includes the cost of appeal and acknowledgement communications, meetings with donors and member receptions. In 2012, we introduced a new website offering blog entries as well as access to podcasts.

Other Expenses: This category captures miscellaneous costs that do not fall into major categories of spending for ongoing center operations. These expenses include tax collected for bookstore sales that must be paid to New York State, professional fees for occasional legal and other specialized consultations, and annual depreciation for major expenses (such as improvements to the Center's physical space, furniture and fixtures) that tax law permits us to allocate to our operating expenses in smaller amounts over a number of years.

Thank you for taking the time to read this report. If you have any questions, please feel free to reach out to me at smcfinance@shambhalany.org. As always, each year I am deeply touched by our community's great generosity of financial offerings, time, energy and spirit.



Karen E. Johnson
Finance Director