**Draft Minutes of San Francisco Zen Center Board Meeting**

**21 February, 2018 at Greens Restaurant**

**Present:** Brian McCaffrey (chair), Margie O’Driscoll, George Kellar, Piper Murakami, Julia Ten Eyck, Eli Brown-Stevenson, Dennis McNally, Helen Degenhardt, Joe Rodriguez, Maitri Goonawandera, Mark Schieble, Eijun Linda Cutts, Ed Sattizahn, Linda Galijan, Marcelo Marer, Greg McClune, Jody Greene, Dan Zigmond

**Absent:** Roger Hillyard, Fu Schroeder, Jordan Thorn, Jeremy Levie, Rita Cummings

**Guests:** Emily Diebolt, Nancy Petrin, Annie Obermeyer, Kujaku Ernst (acting secretary)

**Welcomes and Introductions**

**Approval of agenda and minutes for November**

**Review of SFZC finances (Helen)**

**FY2019 Budget Report (Emily)**

**Abbatial reports (Linda Ruth, Ed)**

**President’s report (Linda Galijan)**

**Development (Nancy Petrin)**

**Zenathon (Annie Obermeyer)**

**Governance Report (Joe)**

**Welcomes and Introductions**

Greg McClune is welcomed as the newest member of the board, after serving many years in the past. Emily Diebolt is new Budget Director and Kujaku Ernst is acting secretary.

**Approval of agenda and minutes for November and January**

Brian asked for a motion which Dennis made and Dan seconded to approve the February agenda and the November and January minutes. The agenda was approved and the November minutes were approved with Helen and Greg abstaining.

**Review of SFZC finances (Helen)**

Helen presented a pie chart of income and expenses for FY 2017 (“AT ZC pie charts 2017 fiscal year landscape” in dropbox). She suggested that the numbers be taken with maybe several grains of salt.

The pie charts give an idea of sources of income and expenses. The main source of income is from overnight guests; Tassajara guest income combined with other guest income is about $1.8 million. Membership and Donations hover around 12-15% and are only about $800,000. The Endowment, which was created over the last ten years, is also a pretty big piece of income at $420,000 as well as Green’s restaurant at $400,000. Teaching and Practice income includes lectures, practice periods, sesshin, etc. is $965,000.

Now looking at the expenses pie chart, you can see that Personnel is the biggest piece at $2,562,000. Zen Center employs about 200 people with 15-20 employees paid regular salaries and 180 students at various stipend levels. Personnel doesn’t include room and board costs, but it does include health insurance, social security, etc.

Next biggest expense is General Administration (without depreciation) at $905,000 which supports the functioning of all three centers and includes things like Human Resources, Accounting, Admin, Development, and IT.

Food and Supplies cost $761,000. This number also includes food for Tassajara guest season. Depreciation is $736,000 and Physical Plant is $508,000.

One of our greatest challenges has been creating a chart of accounts because Zen Center has three centers, each with about 10 departments.

*Question*: Is there a direct correlation between Teaching and Practice income and expense areas? Are they the same thing?

*Response from Linda Galijan*: Most income is from resident teachers, who are not compensated from the expense account because they are already in residence; their compensation is room, board, and a stipend. The expenses are mostly paying outside teachers 50% of revenue.

*Response from Emily Diebolt*: Teaching and Practice income are pretty clear, i.e. fees for classes, practice period, sesshins, etc. Expenses are more convoluted because they are more indirect, i.e. utilities, food, etc., so it is difficult to compare.

Helen also presented an excel spreadsheet. (“SFZC Board Financial Report as of April 30 2017” in dropbox).

Across the board, we’re doing a little better, except for Admin. Admin includes development, accounting, programs, human resources, abbot, president, companywide, IT, publishing, etc. Most of these items are expenses, with very little income except for development and programs.

So these are four different categories. Looking at expenses, CC is under budget while ZMC is over budget. GGF always does better than projected. Admin is also over budget.

Looking at net income, ZMC looks great; we think of it as money maker. The challenge is that Admin costs are not correctly attributed and distributed to the other centers.

Helen presented a chart illustrating different types of funds (“SFZC bowls 9-17” in dropbox). Numbers are approximate from September 2017.

There are 3 categories: Unrestricted, Temporarily Restricted, and Permanently Restricted.

Unrestricted

1. **Cash** fund which is essentially our $6 million operating budget. It includes the cash that we take in, including guests, donations and teaching. This money is expended freely and swings widely throughout year.

Temporarily Restricted Funds

1. **Property Fund** is a board designated fund that has about $270,000-300,000. Used for emergencies i.e. Tassajara vehicle breaks down or tree blocks road at Green Gulch. Another example is a creek below Sky Hall at Green Gulch that needs retaining wall. This fund is no longer used to purchase new ZMC vehicles. The origin of the account was revenue from property sales and some deaths.
2. **Capital Campaign** is money raised for a specific project and can only be used for that purpose. It is temporarily restricted because the project ends and it’s over.
3. **Retirement Fund** contributes to yearly operating budget until we start drawing on retirement endowment, which starts soon.

Permanently Restricted

1. **Retirement Endowment Fund** was developed as part of the larger endowment to offset operating costs and support retired monks. In addition, during the last capital campaign, there was a separate fund setup for the senior living project run by Susan O’Connell.
2. **SFZC Endowment Fund** provides about $450,000 towards operating costs. It’s a non-spend-down endowment, so we can never withdraw more than 5%.

**FY2019 Budget Report (Emily)**

Emily presented the SFZC consolidated budget first draft for FY19 (“SFZC FY19 Draft1” in dropbox).

All budgets in last three years have included a cash reserve of 100, 000. That’s new in the last three years.

Health insurance decreased by 1% instead of going up by 15%, which was our original estimate.

Our goal is to bring this deficit of $214,000 down to at least zero. We are trying to throw off enough cash from this system to add $100,000 to our fundamental cash position, because we also felt that we were a little too precarious when we went through the year in terms of our current assets. We are also looking to have $100,000 for AFEs which would be available for bigger projects that aren’t covered in the normal maintenance budget. That means right now that we have to improve the budget performance by $200,000 by next meeting. Then we can look at special projects like stipends before the final approval meeting in April. We can also look at areas for further investment before next meeting.

**Abbatial reports (Linda Ruth)**

Linda Ruth: I’ve been working on the divestment letter with Ed, Linda Galijan and Brian. It was a big decision for us, so we’re so happy about it, but if you haven’t been on the inside, it’s anti-climactic. I’m now writing it with the attitude that this is the beginning, not the climax.

David, Tova, and I had a meeting with a consultant about global diversity and inclusivity benchmarks and how they are assessed. We went through an assessment of Zen Center and got recommendations for how we would improve. The process includes every aspect of our operations including things like our vendors and the products we buy and sell.

I’ve been thinking about Zen Center being a part of the communities we live in and how that relates to social action, sanctuary, gun control, and the events in Florida. Where and how do people get involved, and how to do it with sangha? How do we support people to speak up, not necessarily for Zen Center, but as Zen students? The personnel policy does include an allowance for staff to use two work hours for volunteering a week. How do we support it without it taking over? We are in pride parade this year if anyone wants to march.

The first president Zen Center, Grahame Petchey, died yesterday. There will be a memorial service at all three centers and maybe a funeral at Zen Center as well.

**Abbatial reports (Ed)**

There will be a priest ordination at City Center on March 31st and everyone is invited. Fu will be ordaining Julian Hickman and I will be ordaining Diego Miglioli. There hasn’t been an ordination at City Center since 2016, so this is a big deal.

The City Center practice period on the six perfections is being led by Tova Green, David Zimmerman and Wendy Lewis. There has been a huge turnout and the lecture last Saturday was packed. In January, we added two more affinity groups: Zen meditation in Chinese with Lucy Xiao and a Women’s Group with Dana Velden and Siobhan Cassidy.

 The Guest Rate occupancy rate at City Center was previously 32% and is now 46%.

**President’s report (Linda Galijan)**

Linda Galijan: First I would like to start with staffing. Emily is the new budget director and Kujaku is working on cost-accounting. They were both treasurer at Tassajara, and have some knowledge of our financial structure.

Darcy is now overseeing plant and facilities management for all three temples. He was trained as an engineer and was previously plant manager at Tassajara and facilities manager at City Center. He is based at City Center, but will be supporting all three temples.

He has also chosen a software system for maintenance, which has tracks costs and historical information. The program enables scheduled maintenance instead of repairs, which is a big change for us.

Jennifer Orr decided to stay and expand her work. She made a proposal for a new position, and we’ve been going forward with that. The proposal in drop box is a portion of her position (“Proposal for New Position (Proposal to Generate Revenue Growth in FY 2019)” in dropbox).

We’ve been using the productivity tool Asana, which is great. It is easy to use, with lots of functions and flexibility. It also has templates, which are so useful for things like practice periods, etc. This will also help with abrupt transitions.

The sustainability summit was to be in June, but now it will be in July.

IT continues to move forward.

Tassajara guest season is starting well. The year-to-date numbers are looking very good. Last year was our best ever and we are expecting the same again this year.

**Development (Nancy Petrin)**

We are still looking for a major gifts officer, which is an employee position that has been vacant for the last year and a half. We’ve done a lot of work but it is a very difficult market. My request to the board is to help with the search in reaching out in the development world. Here is the link for the job posting: [Major Gifts and Legacy Officer](https://www.linkedin.com/jobs/view/major-gifts-and-legacy-officer-at-san-francisco-zen-center-605526592).

Take a look at Development Metrics from Salesforce (“Dashboard\_ Development Metrics \_ Salesforce - Enterprise Edition” in dropbox). We get this automatically emailed to us weekly. Not everyone needs to be trained in Salesforce, because they can receive reports via email. This is the work of Jennifer Orr.

Our goal is to increase membership, which is pretty flat. Looking at FY18, we were at 75% this time last year compared to 73% currently.

We’ve migrated to a new membership platform that is so much simpler for a student to manage. It can pick up credit card costs, the website is beautiful and we’ve simplified the message. Mei Elliot has been managing membership since January.

We are shifting toward the culture of philanthropy from fundraising. If we look at the Haas Culture of Philanthropy (“Haas Culture of Philanthropy” in drop box), we see that this is what we are already doing; it’s about relationships. I especially want to emphasize the second row, which says: “Everyone in the organization shares some responsibility for revenue generation by serving as ambassadors and building

relationships with potential donors and constituents.” It has been so wonderful that lots of people have been coming forward with ideas.

**Zenathon (Annie Obermeyer)**

The Zenathon is our annual spring campaign with a fundraising goal $100,000 which will be used for daily expenses. My goal is to get as many people involved as possible and to increase the level of sponsorship. Here is the [Zenathon](https://giving.sfzc.org/campaign/zen-a-thon-fundraiser-2018/c161010) website. I’m here to help people setup their own pages. My other request is that everyone sends me one to three potential donors.

Please come to Green Gulch on April 14th to celebrate the end of the Zenathon. There will be a range of activities: yoga, hiking, biking, a great meal, maybe music, maybe a forum on generosity, zazen, etc. It will be a celebration of all of our efforts.

It is important to also emphasize that there are non-monetary ways to donate. You can setup a Zenathon page or come to the Green Gulch event. Everyone getting involved is a great way to facilitate so many things that the board discussed tonight.

**Governance Report (Joe)**

We have four general members are up for re-appointment: Brian, Margie, George, and Eli.

We should renew each of them for 3 more years.

We would like to appoint Maitri to fill out the balance of Larry Bye’s terms since he has stepped down.

George and Eli, if approved, would be available for two terms.

Next year, four people will be leaving: Dennis, Helen, Roger, Linda Ruth

A motion is made and seconded that Brian, Margie, George and Eli be appointed to another 3 year terms as general board members, and that Maitri be appointed to serve the remainder of Larry Bye’s term. All are in favor. None abstain.